Austria	Sch30	Indonesia	Rp3100	Pakistan	Rs35
Bahrain	Din1.500	Iran	[illegible]	Philippines	Peso45
Belgium	BFr60	Israel	Shk4.50	Poland	Zl16,000
Cyprus	C£1.00	Italy	L2200	Portugal	Esc175
Czech	Kcs30	Jordan	JD1.50	Qatar	QR12.00
Denmark	DKr12	Korea	Won2000	S.Arabia	SR12.00
Egypt	E£3.50	Kuwait	Fils.500	Singapore	S$4.18
Finland	FM10	Lebanon	L£1,000	Spain	Pta175
France	FFr8.00	Lux	LFr60	Sweden	SKr13
Germany	DM2.80	Morocco	MDh10	Switz	SFr2.70
Greece	Dr200	Neth	Fl 3.50	Thailand	Bt50
Hungary	Ft162	Nigeria	Naira15	Tunisia	Din0.800
Iceland	IKr180	Norway	NKr13.00	Turkey	L5000
India	Rs20	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,642

Tuesday December 24 1991

D 8523A

FRANKINCENSE
Why Oman is reviving the trade
Page 16

World News

IRA calls 72-hour Christmas ceasefire

The Irish Republican Army announced a *three-day ceasefire* from midnight yesterday, temporarily halting its bombing campaign against commercial and transport targets in the UK. Its Protestant rival, the Ulster Volunteer Force, refused to suspend its terrorist campaign.

In Northern Ireland, the IRA has planted 300 firebombs and three car bombs in a pre-Christmas blitz. In London yesterday, firebombs paralysed the London underground rail network. Page 10.

Italian election
Italy's prime minister Giulio Andreotti said his government wanted a general election next April. Page 2

Violence in Cambodia
The United Nations is under pressure rapidly to increase its presence in Cambodia after violence in Phnom Penh, which threatens the country's peace agreement. Page 4

New Polish government
The Polish parliament approved a new centre-right government led by Jan Olszewski, a 61-year-old lawyer, ending two months of post-electoral political manoeuvring. Page 2

Moi sacks minister
Kenyan president Daniel arap Moi sacked a reformist cabinet minister amid signs of infighting in the ruling Kenya African National Union as it prepares for an early election. *IMF* delays loan, Page 4

Soviet Jews bombed
A remote-control bomb outside Budapest airport blasted a coach carrying more than 40 Soviet Jewish émigrés to Israel. Two policemen were seriously injured and four émigrés hurt. Israel said it would avenge the attack.

Iraq invites Kurds
Kurdish leaders said the Iraqi government had invited them to Baghdad to discuss its two-month economic blockade of northern Iraq. Page 4

Agent promoted
Colonel Jean-Claude Lesquer, commander of the French agents who sabotaged the Rainbow Warrior anti-nuclear vessel in New Zealand in 1985, has been promoted to the rank of brigadier-general. The affair continues to poison relations between the two countries.

Hostage's body released
The body of slain US hostage William Higgins was handed over to the United States in Beirut, nearly 2½ years after a pro-Iranian group said it killed him. Page 4

Traders charged
Six former communist East German judges and prosecutors have been indicted for jailing innocent people so they could be "sold" to West Germany. They were part of a human trade under which Bonn paid East Berlin a total of DM3.5bn ($2.2bn) to allow some 33,755 political detainees to emigrate to the west.

Financial Times
The Financial Times will not be published on December 25 and 26. It will be published again on Friday December 27.

Business Summary

Dow soars as investors act on cut in US interest rates

US share prices soared in New York *last night amid frantic* trading as investors went on a buying binge in the wake of last Friday's big cut in interest rates by the Federal Reserve. Page 10

BRITAIN'S trade deficit increased last month to its highest level for nearly a year, with exports suffering from the effects of the slowing world economy. Page 10; Details, Page 5

ADT, Bermuda-based car auction and security group, sold its 24 per cent stake in Christies International, parent of Christie's auction house, for £46m ($83.7m) in a move to cut its debts, which were about $1bn in June. The price represents an estimated loss to ADT of about £84m on the investment. Page 11; Lex, Page 10

ARROWS: Total debts of the *companies connected with the* UK trade finance house closed in July are likely to be about £220m ($400m), with a shortfall of about £100m, the group's liquidators said yesterday. Page 11

***GERMANY** should* achieve overall economic growth of around 3 per cent next year, Commerzbank said in its forecast for 1992. This would put it at the top of the growth rankings of the Group of Seven leading industrialised countries. Page 2

CONTINENTAL, German tyre and rubber products company, expects turnover to rise by 10 per cent next year to around *DM10bn ($6.5bn), with the* world tyre market growing by only 2 per cent. Page 13

TOURANG, successful bidder for Australia's Fairfax newspaper group, formally completed the acquisition, in spite of a court action brought by Independent Newspapers, Irish media group, a rival bidder. Page 13

INDIA will need to create 10m extra jobs each year for the next 10 years to reach a state of near-full employment at the turn of the century, according to the country's planning commission. Page 4

J. SAINSBURY, UK food retailer, had its debt rating cut by Standard & Poor's as the US credit agency expressed concern at the intensification of competition in the UK market and the "unclear" trends in consumer spending. Page 11

M-NET, South African pay television channel, is investing R260m ($95m) in a consortium which will buy FilmNet International Holdings, European subscription television operation, from the Swedish company, Esselte. Page 13

LONDON Metal Exchange, *world's main terminal market* for physical metal, is running out of storage space in its warehouses. Metal is flooding in because of the recession still gripping much of the industrialised world, and the exchange has warned clients not to ship *stocks before checking that* warehouses have enough capacity. Page 16

VENEZUELA's national oil company, PDVSA, announced its budget for 1992 will be $10.3bn, the largest in its history. Page 3

TYCOON
Barry Riley's board game for Christmas capitalists
Page 9

Bundesbank move increases pressure for realignment of currencies in ERM

France, Italy and Spain lift rates

By **Peter Marsh** in London, **Alice Rawsthorn** in Paris, **Robert Graham** in Rome and **Peter Bruce** in Madrid

FRANCE, *Italy and Spain* yesterday increased their domestic interest rates in response to last Thursday's decision by the Bundesbank to tighten German monetary policy.

The increases further weakened the British government's ability to resist a politically damaging rise in UK interest rates ahead of next year's general election.

If pressure on the pound continues when trading on currency markets picks up after Christmas, Mr Norman Lamont, the UK *chancellor of the* exchequer, may be forced to increase base rates from their current 10.5 per cent to prevent sterling falling to the bottom of its 6 per cent band in the exchange rate mechanism of the European monetary system.

Partly foreshadowing a rise in UK base rates, the three-month interbank rate, at which banks lend among themselves, rose yesterday by roughly ¼ percentage point to close at about 11¼ per cent. Shares were hit by the gloom surrounding sterling, and the FT-SE index closed last night down 12.7 at 2,345.4.

In the case of France and Italy, the moves may lead to a *further slowing in these countries'* already faltering economies. They may result in fresh calls for a realignment in the European exchange rate mechanism to reduce pressures on individual ERM *currencies* and safeguard economic growth across Europe.

Sterling's stability clouds 1992 hopes ....Page 5
Editorial Comment...Page 8
Lex..............................Page 10
Government bonds Page 13
Currencies................Page 24
World stocks ....Page 26

*The move by the Bundes*bank, the German central bank, led more foreign exchange investors yesterday to switch money into D-Marks and *added to the strains* within the ERM caused in recent months by the strong German currency, the system's linchpin.

The actions to raise rates in France, Italy and Spain followed similar decisions at the end of last week by Belgium, the Netherlands, Ireland and Denmark.

Yesterday's moves reflect fears in the three countries concerned that, unless they *made their currencies more* attractive to international investors, they could fall to *their lowest levels allowed in* the ERM.

In France, the monetary authorities raised the key intervention rate for the second time in little more than a month, increasing it from 9.25 to 9.6 per cent to protect the franc. The French central bank also raised its repurchase rate, the other main money market rate, by half a percentage point to 10.5 per cent.

When German interest rates rose, the franc immediately came under pressure and another increase in French rates appeared inevitable.

The rise in interest rates comes at a sensitive time for France's socialist government, which has seen its opinion poll rating *fall sharply this* year, partly because of concern about the economic slowdown and rising unemployment.

Italy increased the official discount rate from 11.5 per cent to 12 per cent. The move has undermined government growth calculations in the 1992 budget and will complicate efforts to hold down the public sector deficit – taken up by debt service payments.

The Bank of Spain held back from raising its benchmark intervention rate, currently 12.5 per cent, but lifted two overnight rates. The Bank raised its daily assistance rate *25 basis points to 12.75 per cent* and its overnight repurchase rate also by 25 basis points to *12.45 per cent. Both moves,* though triggered partly by the Bundebank decision, also appear to have been motivated by fears of higher inflation.

Bonn recognises independence of Slovenia, Croatia

By **Laura Silber** in Belgrade and **Judy Dempsey** in London

GERMANY broke European Community ranks yesterday by recognising the indepen*dence of Slovenia and Croatia,* the breakaway Yugoslav republics.

The decision, made amid mounting fears that the civil war would spread to other parts of the country, in effect ends the formal existence of Yugoslavia as a state.

Bonn's recognition of the two republics coincided with *the appointment of General* Marko Negovanovic as the new defence minister in the republic of Serbia.

Mr Negovanovic, former deputy federal defence minister, who once headed counter-intelligence, is a hardliner who has repeatedly opposed the June 25 independence declarations of Slovenia and Croatia.

His appointment is a clear signal that the goals of the Serb-dominated federal army, and those of Mr Slobodan Milosevic, the president of Serbia, now coincide.

The federal army is in need of finances and a state, now that Yugoslavia has collapsed. Mr Milosevic needs an army which will support him in his territorial ambitions aimed at creating a greater Serbia.

In Belgrade, the Serbian capital, the republic's government yesterday recognised the independence of the self-proclaimed Serb region of Krajina, Croatia, as renewed fighting flared in the breakaway republic.

The Serbian parliament is expected later this week to approve the government decision which in effect shows Serbia's determination to hold on to Serb-inhabited parts of Croatia.

The Serb-dominated federal army controls about a third of Croatia. But Mr Franjo Tudjman, the president of Croatia, *said in a televised speech on* Sunday that Croatia would regain all its territory.

For its part, Serbia has said that Croatia has the right to independence but that its 600,000-strong Serb minority, which make up 12 per cent of the republic's population, must be allowed to remain with Serbia in Yugoslavia.

The Serb-controlled state presidency has also appealed for the deployment of United Nations peacekeeping forces fearing that violence would spill over into Bosnia-Hercegovina, whose mixed population of Slavic Moslems, Serbs and Croats is sandwiched between Croatia and Serbia.

Meanwhile Serbian and Croatian *media reported continued* fighting in central Croatia, although fighting appeared to ease in eastern Croatia around Osijek, the embattled regional capital.

Season's greetings: Croatian forces at the front line town of Karlovac receive a visit from Santa Claus – bearing gifts of cigarettes – during a lull in the fighting yesterday

President Gorbachev on verge of resigning

By **John Lloyd** in Moscow

PRESIDENT Mikhail Gorbachev was last night on the verge of resigning after having spent most of yesterday with Mr Boris Yeltsin, in talks on transferring control of the Soviet Union's nuclear arsenal to the Russian leader.

Mr Gorbachev reportedly disclosed his intention to Mr John Major, the British prime minister, during a 30-minute telephone conversation. The Interfax newsagency in Moscow said Mr Gorbachev told Mr Major he would "announce his decision" within two days.

The Soviet leader was due to give a televised address last night, but it was put off without explanation. No new broadcasting time was set.

A *British official confirmed* that Mr Gorbachev's resignation was referred to during his conversation with Mr Major, but the official declined to disclose precisely what was said.

"They [Major and Gorbachev] did discuss resignation but any details are a matter for Mr Gorbachev," the official said.

Mr Gorbachev reassured Mr Major that control of the Soviet nuclear arsenal was fully guaranteed as the Soviet Union was replaced by a Commonwealth of Independent States.

Mr Major later wrote to Mr Yeltsin to make clear there
Continued on Page 10

Russia calms nerves, Page 2

EC rejects Gatt solution to farm subsidies row

By **David Gardner** in Brussels

THE European Community *last night called for redoubled* efforts to achieve a breakthrough in world trade reform talks, but made clear that any agreement would have to take account of the way in which it is reforming its farm subsidies regime.

EC trade and agriculture ministers rejected the General Agreement on Tariffs and Trade's attempt to resolve the farm trade impasse. They made clear that the paper tabled late on Friday by Mr Arthur Dunkel, Gatt director-general, "is *not acceptable and therefore* has to be modified."

Despite a more positive tone from the UK, and unequivocal hostility from France – backed by Ireland on the agriculture issue – there was unanimous agreement that "the paper is not balanced in total".

Yesterday's meeting was *billed originally as an attempt* by the EC to face down attempts by France to limit the concessions which are made on Community cereals exports in *the five-year-old Uruguay* Round. Instead it turned into a united defence of the European Commission's attempts to reform the Common Agricultural Policy.

The nub of the dispute with Mr Dunkel's conclusions to the *Uruguay Round is that the* direct payments the EC wants to make to farmers to force them to cut production and reduce exports will not be considered as "green box" subsidies – allowable because they do not distort world trade.

The EC *made clear* yesterday that this issue had to be addressed for the subsidy cuts called for in the talks to be made. The European Commission has been mandated to reopen negotiations to achieve this. A failure in the world trade talks, which include new agreements in sectors like services and intellectual property rights which would significantly expand international trade, would be a disaster, several ministers said.

Mr Peter Lilley, UK trade *minister, said it "would be a* blow to confidence just when the world and UK economies were showing signs of recovery".

But Mr Ray MacSharry, EC agriculture commissioner, reiterated that the Community's "*views are going to have to be* taken into account", if the Uruguay Round is to be concluded.

Farm and trade ministers of the Twelve said that "the Community has embarked upon on a far-reaching reform process of its agriculture policy" and *that EC conclusions on the* Dunkel text would be "evaluated in this light".

The problem for the EC is that the Dunkel draft makes it virtually impossible for the EC to make the cuts in export subsidies called for because they require that the payments to farmers be made almost on a social security basis, which the EC thinks would mean the farmers would have to cease production in those or similar areas.

CONTENTS

'Joe Who?' emerges as the possible saviour of Canada

Joe Clark, the Canadian minister of consitutional affairs, has shaken off his "Joe Who" image to emerge as the man most likely to succeed in persuading Quebec that Canada is worth preserving
Page 3

MARKETS

STERLING
New York close
$1.87525 (1.858)
London:
$1.8765 (1.86)
DM2.84 (2.855)
FFr9.71 (9.76)
SFr2.525 (2.5325)
Y237.5 (237.25)
£ index 91.8 (91.7)

GOLD
New York Comex Feb
$361.0 (360.3)
London:
$359.55 (358.25)

N SEA OIL (Argus)
Brent 15-day
$17.525 (17.55)

Chief price changes yesterday: Page 11

DOLLAR
New York: close
DM1.51935 (1.53585)
FFr5.1940 (5.2495)
SFr1.3495 (1.3642)
Y126.985 (127.525)
London:
DM1.5135 (1.5345)
FFr5.175 (5.2475)
SFr1.345 (1.3615)
Y126.5 (127.55)

US CLOSING RATES
Fed Funds: closing
3-mo Treasury Bills:
3.816% (3.755)
Long Bond:
$105\frac{12}{32}$ ($104\frac{17}{32}$)
yield: 7.521% (7.574)

STOCK INDICES
FT-SE 100:
2,345.4 (-12.7)
FT-A All-Share:
1,126.05 (-0.6%)
FT-SE Eurotrack 100:
1,026.29 (-6.63)
FT-A World Index:
143.79 (+1.4)
New York:
DJ Ind. Av.
3,022.59 (+88.10)
S&P Comp
396.82 (+9.78)
Tokyo: Nikkei closed

LONDON MONEY
3-month Interbank:
$11\frac{1}{8}$% (11%)
Liffe long gilt future:
Mar $95\frac{9}{16}$ (Mar$96\frac{9}{32}$)

INTERNATIONAL NEWS

Russia seeks to calm west's nuclear worries

By John Lloyd in Moscow

RUSSIA'S first deputy prime minister, Mr Genady Burbulis, yesterday claimed that the agreements reached by the members of the new Commonwealth of Independent States on Saturday "represented a complete and decisive answer to the concerns of the western community on the implications of the control of nuclear arms".

He said that three of the four states possessing strategic nuclear warheads – Ukraine, Kazakhstan and Belorussia – had agreed that they be controlled by Russia, but admitted that Kazakhstan would retain strategic missiles, returning only the tactical weapons to Russia.

Mr Boris Yeltsin, the Russian president, was meeting President Mikhail Gorbachev in the Kremlin last night to discuss the hand-over of the nuclear "button" to Russian control.

Mr Burbulis said the Soviet military would remain "multinational", under the political control of the heads of the commonwealth states. However, he said that the issue of Ukraine's declaration of control over Soviet military on its territory remained to be settled at the forthcoming meeting of the heads of state in Minsk on December 30. That meeting would also discuss the future command of the Soviet military, currently under the temporary control of Marshal Yevgeny Shaposhnikov, the former Soviet defence minister.

Mr Burbulis stressed several times that the original commonwealth was established at the meeting of the three Slav states – Russia, Ukraine and Belorussia – in Minsk on December 8. The eight states which had signed protocols of agreement in Alma Ata, he said, were joining an already existing entity as equal members.

Mr Sergei Shakhrai, a Russian deputy prime minister, said all the agreements had still to be ratified by the parliaments of those states which acceded to the agreement on Saturday – but not by the parliaments of the three original founders, since these had already agreed the commonwealth was open to others.

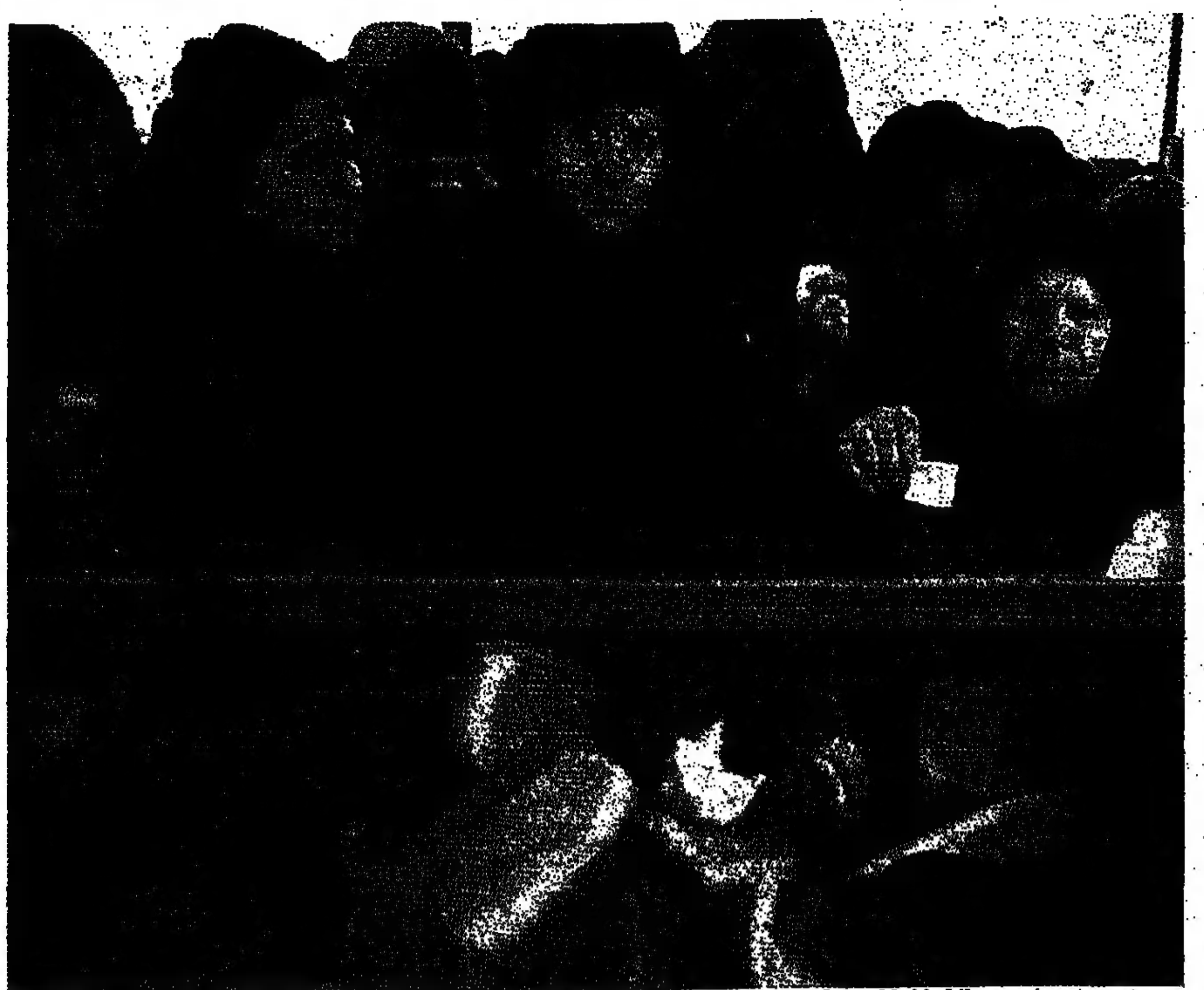
The heads of state meet in *Moscow today to discuss common* economic structures, left largely untouched by the meeting in Alma Ata on Saturday which formed the commonwealth. Mr Burbulis claimed there had been agreement on the maintenance of the rouble as a common currency – though at least two states, Ukraine and Belorussia, have said they will introduce their own currency next year.

Russia is due to liberate its *prices and introduce further* measures of economic reform on January 2, only three days after the Minsk meeting.

Mr Alexei Kireyev, an economic adviser to the Soviet president, said last night it would be impossible to get effective agreement on common economic policies by January 2, and predicted "economic chaos" after the Russian reform.

Scepticism about the viability of the commonwealth came yesterday from both Mr Gorbachev and Mr James Baker, US secretary of state, who completed a tour of several republics last week. In an interview with Italian radio, Mr Gorbachev said: "I don't believe in this new community. I believe it cannot survive. It will not manage to create the new *mechanisms of co-ordination.*"

In an article in the New York Times, Mr Baker said that the forces of nationalism were too strong for any effective commonwealth, and that republics would launch their own economic reforms.



Moscow women queue, tickets in hand, for fresh bread at a Moscow bakery. Stale loaves are heaped behind the counter *for sale to those not prepared to endure the long wait.*

Germans hail new grouping of states

By Christopher Parkes in Bonn and David Gardner in Brussels

GERMANY yesterday warmly welcomed the founding of the Commonwealth of Independent States and declared recognition as "urgent" if a political vacuum following dissolution of the Soviet Union were to be avoided.

But it seemed unwilling to press as vigorously within the European Community as it had over the recognition of Slovenia and Croatia, formalised by Germany yesterday.

Mr Hans-Dietrich Genscher, the foreign minister, said at the weekend that he had "recommended" that the EC should decide without delay on recognition of the independent states forming the commonwealth.

The EC yesterday agreed in principle to recognise the new commonwealth on the understanding that "the international rights and obligations of the former USSR, including those under the UN Charter, will continue to be exercised by Russia".

However, the EC is only prepared to recognise "the other republics constituting the commonwealth" when they receive assurances that these republics are prepared to abide by new EC guidelines which guarantee *"single control"* over *nuclear* weapons and their non-proliferation.

Germany was also prepared to send more food aid to the former USSR, President Richard von Weizsäcker said yesterday. Stressing his country's friendship and goodwill to the east bloc, he said in his Christmas broadcast that while some concern still existed about the country's strength, demands on its willingness to help were increasing.

Their actions showed that Germans took their growing responsibilities seriously. Germany was already supplying more than half the western world's aid to the former Soviet Union, he added. This winter, "we want to use all our powers to contribute to the relief of the needs of millions of people".

The first 27-tonne load of winter supplies from Germany arrived in Moscow yesterday, accompanied by the family minister, Mrs Hannelore Rönsch.

● Reuter adds from Washington: President Bush yesterday assured President Boris Yeltsin of Russia of continued US humanitarian aid, but said in a phone call he needed more time before responding to a plea for diplomatic recognition.

Commerzbank sees growth of 3% in Germany next year

By Andrew Fisher in Frankfurt

GERMANY should achieve overall economic growth of around 3 per cent next year, helped by a sharp recovery in the five new states in the country's east, Commerzbank said yesterday in its forecast for 1992.

This would put it at the top of the growth rankings of the Group of Seven leading industrialised countries. The bank warned, though, that the west German economy was subject to risks from inflation and high wage deals.

The bank said the east German economy should expand by between 10 and 15 per cent, though admittedly from a low level after the collapse which occurred following unification.

Growth in west Germany, however, would be only 2 per cent compared with 3.5 per cent this year.

The upturn in the east would still be supported by large government transfer payments, but would be given extra momentum by investments.

Next year, spending on industrial equipment and buildings in east Germany should exceed DM85bn (£29.6bn), with the modernisation of the infrastructure being a priority.

Commerzbank, one of the country's largest commercial banks, said growth in west Germany would be barely 1 per cent in the first half of 1992. Later, exports should start to pick up as foreign economies revive.

West Germany should also benefit from stronger private consumption when the income tax surcharge, introduced to help pay for unity, came off in mid-1992. Thus, the bank said west Germany's economy should expand by 3.5 per cent in the fourth quarter over the same period of this year.

Industry call for freeze in living standards

MR HEINRICH WEISS, president of the Federal Association of German Industry, the BDI, yesterday called on west Germans to freeze their standard of living for a few years to allow economic growth in east Germany, Reuter reports from Bonn, quoting the Bild newspaper.

"West Germans must be willing to freeze their standard of living for a few years and provide growth to fellow citizens in the east," Mr Weiss said.

"I am not only referring to wage agreements for employees but also to public investment," he added.

Many unions in western Germany are demanding wage rises of 10 per cent or more for 1992 after the Bonn government put a 7.5 per cent surcharge on income tax in July to help pay for unification.

Mr Weiss said he expected the east German economy would show two-digit growth next year, although it would begin from a very low level of gross national product. For west Germany, Mr Weiss expects growth of 2 per cent in 1992.

East German unemployment would hit a peak in the middle of next year. Later in the year, he said, more new jobs would be created than old jobs were cut for the first time. Many factories would start operation, *improving sentiment.*

● The cost of living in the west German state of North Rhine-Westphalia rose 0.1 per cent in the month to mid-December from mid-November for a year-on-year 3.9 per cent rise, the state statistics office said, Reuter reports from Düsseldorf.

In the month to mid-November, prices were up by 0.5 per cent for a year-on-year *increase of 3.8 per cent.*

For all of west Germany, the cost of living in November rose 0.4 per cent from October and was up 4.2 per cent from a year earlier. December preliminary cost of living figures for west Germany are expected to be published later this week.

M3 money supply tops target range

By Andrew Fisher

THE BUNDESBANK has followed up last week's surprise decision to lift the Lombard and discount rates by *half* a point with figures showing how growth in Germany's money supply has accelerated.

At the same time, there were reports that Mr Helmut Schlesinger, the central bank president, and Mr Hans Tietmeyer, his deputy, may have wanted only a 0.25 percentage point rise but were outvoted by their colleagues in a narrow vote. The Lombard rate now stands *at 8 per cent, its highest level* since the Great Depression of 1931, and the discount rate at 9.75, equalling its highest post-war level.

The central bank said that on the broad M3 measure, money supply in November expanded at an annualised rate of 5.1 per cent over the fourth quarter of 1990. This put it outside the target range of 3-5 per *cent set for this year.*

The November rate compared with 4.7 per cent in October and 4.5 per cent in September. Figures for the past six months show M3 has been growing at a rate that would amount to 6.5 per cent if continued over a whole year. The money supply target for 1992 is in a range of 3.5-5.5 per cent.

Bank lending to the private sector – mainly companies, *including the Treuhand, the* east German privatisation agency – rose by DM29bn (£10.1bn) last month, nearly twice as rapidly as in November, 1990, when the increase was DM16.4bn. In the past six months, it rose at an annual rate of 11.5 per cent.

Parliament's vote ends two months of political manoeuvring

MPs approve Polish government

By Christopher Bobinski in Warsaw and Anthony Robinson in London

THE Polish parliament yesterday approved a new centre-right government led by Mr Jan Olszewski, a 61-year-old lawyer. The vote brought to an end two months of post-electoral political manoeuvring.

The new government, formed against the wishes of President Lech Walesa, was approved by 235 deputies, including the Roman Catholic nationalist group led by the speaker of parliament, Mr Wieslaw Chrzanowski, and the Christian Democrat Centre Agreement. The Solidarity trade union and the two main farmers' parties also gave their support.

It was opposed by 60 deputies from the former Communist SLD group, while 139 abstained, including the free market Liberals (KLD) led by Mr Jan Krzysztof Bielecki, prime minister of the outgoing government whom Mr Walesa wanted to retain in office.

The new government warned that "further economic sacrifices" would be needed. But it also signalled a softening of the former government's tough IMF-backed policies by replacing Mr Leszek Balcerowicz, the outgoing finance minister, who has symbolised Poland's commitment to budgetary discipline and free market policies since 1989.

His role as head of economic policy-making in the cabinet *will be taken by Mr Jerzy Eysmontt, former head of the gov*ernment's Central Planning Office. Mr Karol Lutkowski, hitherto an adviser at the Finance Ministry is to be the new finance minister.

The changes leave Mr Balcerowicz, who has no party political affiliation, without a clear public role. A source close to the former deputy premier said "he will certainly write a book about economics".

The new government will continue to privatise the economy but is expected to renegotiate the terms of its agreement with the International Monetary Fund and raise spending on social and job creating projects.

Mr Eysmontt inherits 60 per cent *inflation, a $148m balance* of payments deficit over the first nine months and a projected Zl 30,000bn ($3bn) budget deficit. Privatisation is also proving slower than hoped for against the background of the second consecutive year of sharply declining public sector industrial output. This has been *partially offset* by growth in the private sector. This year eight companies have been sold to foreign investors for $103m, while 22 per cent of industrial output is now in private hands.

The new government will seek to contain inflation at this year's level and keep the budget deficit at no more than 4.5 per cent of GNP while providing financial incentives to *established exporters and for* investment in selected domestic companies.

Portuguese prepare to take EC helm

By Patrick Blum in Lisbon

PORTUGAL'S prime minister, Mr Anibal Cavaco Silva, has promised a "hard working" Portuguese presidency of the European Community for the first six months of 1992.

The main tasks and issues confronting the Portuguese presidency, he said, would be to implement the measures agreed at the Maastricht summit earlier this month, oversee debates on a new financial structure for the Community, *including reform of the com*mon agricultural policy (CAP), ensure the completion of the single market, and face the challenge of enlargement.

Portugal's presidency would be "exacting and complex" coming as it did at an important moment in the history of the Community and at a time of great international changes.

Portugal's presidency – its first since it joined the EC in 1986 – ends next June and will be followed by Britain's.

Community finances will be *a dominant topic. The Euro*pean Commission is expected to present proposals early next year on a new financial package to include structural funds for 1993-97, the establishment of the new cohesion fund to help poorer members, and proposals for a reform of the CAP.

The Community will have to discuss enlargement and its relations with countries of eastern Europe and the Soviet Union. Mr Cavaco Silva said there was a need for a "strategic reflection" before entering *negotiations with potential* members, though he expected negotiations with Austria and Sweden to start early in 1993.

Portugal would also push for greater co-operation with the Maghreb, Africa and Latin America. The European-Arab dialogue should be revived, he said, and efforts to establish democracy in Africa should be supported with humanitarian and development aid. The dialogue with Latin America should be strengthened through co-operation pro*grammes with Brazil and the* Andean Pact countries.

Andreotti wants elections early in April

ITALY'S prime minister Giulio Andreotti said yesterday his government wanted a general election next April, AP reports from Rome.

*Mr Andreotti wanted Presi*dent Francesco Cossiga to dissolve parliament in January and call the elections for the start of April, he declared. *His* four-party coalition would remain through the vote.

But first, the government would speed expedite approval of the state budget in parliament before January 1, then set a confidence vote on a controversial measure privatising state-controlled industries.

Italy is due to go to the polls by June. Calls have come to hold elections sooner rather than later as bickering has grown among the Christian Democrats, Socialists, Social Democrats and Liberals.

President Cossiga has been at odds with the government over the issue of institutional reform. His presidential term expires in July. A new parliament would elect his successor.

Mr Andreotti, a seven-time Christian Democrat premier, has served as head of two governments since July 1989. *His* party got 34.3 per cent of the vote in the last elections in 1987.

Mr Bettino Craxi, the Socialist Party leader, served three years and eight-and-a-half months as the most durable premier in Italy. His party, the second largest in the coalition, got 14.3 per cent of the vote in *the last elections. He has said* he would be available to head a new government, a possibility in a power-sharing agreement that would give the presidency to the Christian Democrats. Political analysts have also said Mr Craxi may seek the presidency.

Romanian companies for sale

By Anthony Robinson, East Europe Correspondent

ROMANIA has named 20 companies for sale in the first phase of the country's privatisation programme.

They are all small to medium-sized businesses and operate across a wide spectrum of the economy from food to vehicle parts and clothing to tourism.

Shares will be offered to domestic and foreign investors through public offerings, auctions and direct negotiations.

Funding is being provided by the European Community's PHARE programme, Britain's know-how fund and US-AID, which will provide technical assistance.

Romania also plans a mass privatisation programme with the *sale* of 30 per cent of the shares of around 6,000 companies.

Shares will be placed with five newly established "private ownership funds" which will function like mutual funds.

Pope John Paul tries to marshal his fractious divisions

The Catholic Church's leader is hoping to capitalise on communism's collapse, writes Robert Graham in Rome

BY the millenial standards of the Holy See, Pope John Paul II is in a hurry to stamp the imprint of the Church on the fast-changing events in Europe.

He recently organised a synod of bishops to discuss the role of the Church in post-Communist Europe. Synods normally take three years to organise, but this month's was arranged in 18 months; and, instead of lasting the customary 30 days, its deliberations were squeezed into 15.

For some of the 137 delegates, like Cardinal Gottfried Daniels, Archbishop of Belgium, the gathering was both "too soon and too late". It was too late to be a celebration of the new freedom acquired following the breach of the Berlin Wall, but too soon to define the role required of the Church in the new Europe.

However, with a Polish pontiff profoundly conditioned by the trials of living under a Communist regime, it was entirely in character for the Pope to seize the occasion. He is anxious for the Vatican to be a leading supranational moral force filling the vacuum caused by the collapse of communism in eastern Europe.

The task of re-evangelising the "two lungs of Europe joined by a *common heart*", *as the Vatican* envisages the Continent, is fraught with difficulties. Within western Europe, the Catholic and Protestant churches have to confront declining interest in religion, while in eastern Europe a religious revival after years of suppression is uncertain.

Mr Radim Palous, rector of Karlovensis University, Prague, reminded the synod that in a perverse way the oppressive regimes in eastern Europe provided a stimulus to faith. But, he added: "I fear that, while the consumer society is free of totalitarian oppression, it is threatened by unfreedom from another quarter: that is, by the loss of moral commitment." In other words, people will put bread before faith.

Historical antagonisms still hinder a genuine process of ecumenism, and relations between the Catholic and Orthodox churches are ridden with mutual recrimination. The Protestant "fraternal delegates" at the synod felt the Holy See was still reluctant to deal with them as equal partners; this is perhaps an inevitable reflection of the Vatican's history and its constitution as a state, operating as a significant behind-the-scenes player in international diplomacy.

Then there is the profound divide between the "modernists" and the "conservatives" on a range of social

John Paul: in a hurry

issues, notably birth control and abortion – the Pope being firmly behind the conservatives. The differing Christian faiths are further being obliged to come to terms with the presence of large Moslem immigrant communities in industrial *Europe, to say nothing of Moslems* in the former Soviet Union.

The disappearance of antagonistic political ideologies and the general convergence towards the market economy in both Europes is also forcing the Catholic Church in western Europe to redefine its attitude towards political parties. In the post-war period, these have been supported explicitly or tacitly precisely because they were a bulwark against communism. Six EC countries are headed by Christian Democrat leaders whose parties have enjoyed the backing of the Catholic Church. But already in Italy such overt endorsement appears to be ending.

Pope John Paul has favoured a just economic model, which ambiguously embraces the market economy, while both protecting the "dignity" of the individual from exploitation and taking account of the huge north-south divide.

But at heart he seems caught between sympathising with the heroics of Poland's Solidarity movement and endorsing in his encyclical the "positive role of business, the market, private property, and the resulting responsibility for the means of production".

Since the synod was first conceived the Soviet Union has frag*mented, with the emergence of old* hatreds, often based upon religion. Poland, the springboard for the Pope's re-evangelisation of eastern Europe, has fractured, leaving the Vatican's over-support for President Lech Walesa exposed. Meanwhile, civil war has split Yugoslavia, the Catholic Church on the ground backing its flock in Croatia and Slovenia at the expense of the Orthodox Church in Serbia.

Inevitably these problems clouded the synod. The Orthodox churches in Bulgaria, Greece, Romania, Russia and Serbia declined to send delegates. The Patriarch of Constantinople merely sent the metropolitan of the Greek Orthodox Church in Italy, Spyridon Papagheorghiu, who did not mince his words to explain the absence of his brothers. He attributed the "strong tensions" between the Orthodox churches and the Catholic communities to "the rebirth of the Catholic churches of oriental right". Catholic missionary zeal, he claimed, threatened to undermine a carefully trodden path of reconciliation between the two churches.

This prompted Cardinal Angelo Sodano, secretary of state at the Holy See, to make an unusually stiff rebuttal.

He pointed out that the Catholic Church of Byzantine rite in Ukraine and Romania was brutally suppressed by the Communist authorities between 1946 and 1948. Many of their confiscated buildings were given to the Orthodox Church. It was thus natural, with the restoration of religious freedom in 1989, that they should seek to reorganise, he said.

Such antagonisms underline how the Christian churches are themselves heavily embroiled in the turmoil resulting from the end of communism. Seventy years of communism and the enforced movement of ethnic communities has caused a profound change in the religious topography of eastern Europe.

For instance, Russia's 350,000 pre-revolution Catholics were suppressed and scattered, and new com*munities introduced. In the Volga,* there are now some 40,000 Catholics formed from deported ethnic Germans, Lithuanians and Poles; and in Kazakhstan the 500,000-strong Catholic community consists of deported ethnic Germans.

That the polemic between Catholic and Orthodox churches surfaced at the synod suggests the Vatican under-estimated historic mistrust of the Holy See's desire to be the leading religious force in the new Europe.

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1; Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenberg 4, Frankfurt. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

INTERNATIONAL NEWS

US consumer spending makes weak rebound

By Michael Prowse and Nancy Dunne in Washington

CONSUMER spending in the US rebounded weakly last month following a drop in personal saving, the Commerce Department said yesterday.

Personal consumption spending rose 0.4 per cent after allowing for inflation, more than offsetting a 0.3 per cent fall in October. Most of the gain reflected higher spending on services. Retailers are reporting a disappointing Christmas season.

The personal savings rate dropped to 4.7 per cent compared with 5.5 per cent in October, indicating increases in spending are unlikely to be sustained.

Personal incomes fell 0.1 per cent in cash terms last month, but the figures were distorted by such factors as a drop in subsidy payments to farmers. Underlying incomes rose by 0.2 per cent after a 0.1 per cent fall the previous month.

Meanwhile, the Commerce Department predict that the US car and machine tool industries may achieve a modest rebound next year, while aerospace and computer companies face increased buffeting by imports.

In its annual US Industrial Outlook report, published yesterday, the department predicted moderate growth for most of the 350 industries analysed.

Although many of the conclusions were based on the economic data available in late summer and early spring when the US economy looked healthier, the report is still valuable for its assessment of comparative prospects for individual sectors.

Mr Michael Farren, under-secretary for international trade, said the car industry would see "the beginning of a recovery" in 1992 after several years of contraction. New car sales could rise by 7 per cent, spurred by pent-up demand and the need to replace ageing vehicles.

New car sales are forecast at 8.9m units, but this does not necessarily mean a great boost for the "Big Three" companies in Detroit or American workers. A large chunk of market could be captured by Japanese car transplants.

The computer industry is likely to show its first positive growth since 1986 with a 4 per cent rise in the value of shipments.

Regulators plan wider scope for S&L branches

By George Graham in Washington

US Federal regulators are proposing new rules that would allow savings and loan institutions to open branches outside their home states.

The move follows only weeks after Congress refused to pass legislation to allow similar nation-wide branching powers for banks, and could face strong opposition both in Congress and among some banking lobbies.

The Office of Thrift Supervision (OTS), which regulates the sector, said allowing nation-wide branching would permit institutions to diversify their loan portfolios, reduce operating costs and improve the quality of services.

The power to authorise nation-wide branching has been available since the 1982 Garn-St Germain Act expanding the powers of thrift and savings and loan institutions – which are similar to UK building societies – but OTS has restricted the right, using it as an inducement to healthy institutions to takeover failing savings and loans groups.

Independent bankers fear the new interpretation could open the way for thrifts owned by industrial companies such as Ford or by banking groups such as Citicorp to expand throughout the US.

Robinson resigns after Trinidadian election defeat

Canute James analyses the recent rejection of the former ruling party by the country's voters

MR Arthur Robinson, the former prime minister of Trinidad and Tobago, has resigned as leader of the National Alliance for Reconstruction party, less than a week after the party suffered a humiliating defeat in general elections.

Mr Robinson, who was prime minister for five years, has accepted responsibility for the NAR's electoral defeat, according to party officials. In the elections, the NAR retained only two of the 33 seats it had won in 1986.

The election was won by the People's National Movement, and its leader, Mr Patrick Manning, has become the new prime minister. Mr Robinson's resignation has raised questions over the future of the NAR, which was created by the merger of four parties.

Robinson: resignation raises questions over future of NAR

Mr Robinson decided in mid-November to seek a consecutive term as prime minister by calling general elections for Dec 16, three months before they were constitutionally due. Public opinion polls had indicated that the NAR was enjoying majority popular support for the first time in two years.

Soon after, however, things started to go wrong. New polls suggested that the prime minister would not retain office. In the event, the NAR not just lost the election – it was humiliated. The prime minister's seat was one of the two of the 36 contested which the NAR managed to retain.

Mr Robinson has been replaced by Mr Manning, a 45 year-old geologist and petroleum engineer, and leader of the People's National Movement. The parliamentary opposition will be led, not by Mr Robinson, but by Mr Basdeo Panday, whose United National Congress took 13 seats.

Mr Robinson has been widely criticised for failing to explain to his constituents the reasons for the stringent measures he imposed on an economy and a people which had grown used to living high off the fat of earnings from oil, on which the economy depends. The fortunes of the Trinidadian economy have fluctuated with the state of the oil market. With production of 150,000 barrels per day, the economy boomed in the late 1970s.

The economy often threatened to overheat, the level of per capita income made the country one of the richest in the Caribbean, and Trinidad and Tobago became a benefactor to its less endowed neighbours. But with changes in the international oil market in the early 1980s, once healthy foreign reserves were being depleted, and by the time Mr Robinson took office after a handsome win in elections in 1985, the national coffers were empty and the state was spending money it did not have.

He was forced to turn for assistance to the International Monetary Fund, and to implement measures such as currency devaluations and cutbacks in government expenditure.Mr Robinson maintained the economic medicine was necessary, arguing that his administration had contributed to rebuilding the economy and that the basis for sustainable economic growth had been created.

The issue of race – a perennial factor in Trinidadian politics – was raised repeatedly in the campaign, unmasking latent uncertainties about relations between Indians and Africans, the largest ethnic groups in the country. While the political parties fielded multi-racial slates, the PNM owed much of its support to urban Afro-Trinidadians, while the opposition UNC drew its support mainly from Indo-Trinidadian communities in central Trinidad.

"I saw in the 1986 elections some hope of getting past racial politics, but the dominant factor in politics today is race," said Mr John Humphrey, a successful candidate for the UNC. Mr Manning concluded that race relations had become a big issue in the country's social and political life.

Mr Robinson would do well to consider the performance of his successor over the past five years. From the electoral battering it received in 1985, when it was left with three seats and most of its constituency parties shattered, the PNM, with Mr Manning, quickly rebuilt its ranks. Emulating this recovery may be the political straw which can keep alive Mr Robinson's political ambitions.

Foreigners attracted to Canadian investments

FOREIGN investment in Canadian securities reached an all-time high in October, with buyers attracted by the strong Canadian dollar, relatively high interest rates and foreign confidence in Ottawa's economic policies, Bernard Simon writes from Toronto.

Statistics Canada said yesterday that investors poured C$6.1bn ($5.4bn) (net of redemptions) into domestic financial markets, far exceeding the previous record of C$5bn set last August. Purchases of Canadian securities in the first ten months of this year have totalled C$26.1bn, almost double the 1990 figure.

October's big inflow came from heavy buying of new bond issues, which totalled C$6.6bn. Foreigners were net sellers of money-market instruments and equities. The gap between yields on US and Canadian securities has widened since last week's cut in the Fed discount rate.

To brake the Canadian dollar's fall, the Bank of Canada has not followed the downward movement in the US.

Joe Who shows his mettle over Quebec

Bernard Simon reports on Canadians' new respect for the qualities of Joe Clark

LITTLE IN Joe Clark's background suggests that the jowly Albertan could be the man to keep Canada together.

Once nicknamed Joe Who, Mr Clark gained a reputation in the late 1970s as a decent but ineffectual politician. A spell as prime minister in 1979 lasted for only eight months before his government lost a vote of confidence in the House of Commons and a subsequent election. Raised in western Canada, Mr Clark has struggled to master Canada's second official language, and still punctuates his French with English phrases.

Yet since taking over as constitutional affairs minister in April, Mr Clark has emerged as the man most likely to persuade Quebec that Canada is worth preserving, while convincing the rest of the country that Quebec is worth hanging on to. Endless patience and a penchant for compromise rather than confrontation have gained Mr Clark more respect than Mr Brian Mulroney, the prime minister, or most other members of the Progressive Conservative government, which remains the most unpopular in recent history.

In trying to stitch together a package of political reforms which satisfy both English and French-speaking Canadians, Mr Clark sees his task as trying to get Canada's "two solitudes" to show greater appreciation for each other.

"Our difficulties here are in large measure a failure of understanding," he said recently. "There's not been the sort

Joe Clark: endless patience

of bitterness, the sort of economic failure or regional and group exploitation that you've got in other places. The danger here is that we could slip apart, rather than split apart."

Efforts to prevent that happening have moved into high gear as political parties and a host of other interest groups pick over the blueprint for a new constitution which the government tabled last September.

The 28 proposals aim to satisfy Quebec nationalists by recognising the francophone province's distinctive character, and transferring various powers from Ottawa to the provinces. Western Canadians, typically the most antagonistic towards Quebec, have been offered wider representation in the Senate, the upper house of parliament.

Canada's 500,000 aboriginal people, who have emerged as a vociferous lobby group with considerable public sympathy, are promised limited self-government within 10 years.

One of the most divisive elements in the package has turned out to be proposals for strengthening trade and economic links between the ten provinces. The package is now in the hands of an all-party parliamentary committee. Key elements will also be debated early in the new year at six conferences in different parts of the country.

The committee is due to submit a revised text by March. The government expects to have its response ready about six weeks later, in time for the independence referendum which Quebec is expected to hold next October.

Mr Clark bemoans English-speaking Canadians' ignorance of Quebec's transformation in the past 25 years from an inward-looking society dominated by the church, to one of the most culturally and commercially vibrant parts of North America.

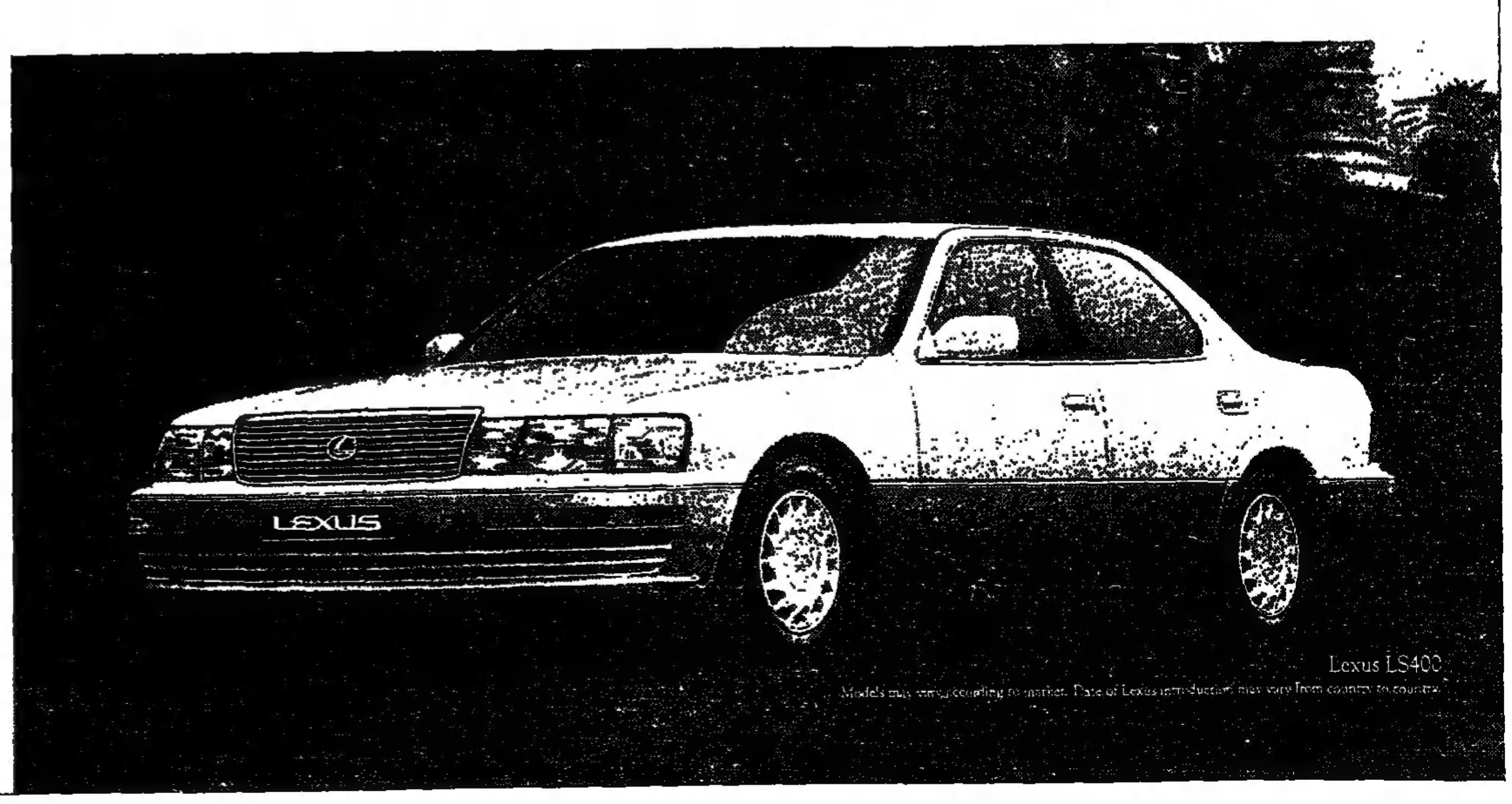
"If the 'Quiet Revolution' were well enough known in the rest of the country, it would be seen as a model and not a threat," he says.

On the other hand, he arranged for seven journalists from rural Quebec newspapers to visit the Calgary Stampede last summer, the first time they had been to western Canada. Every move has to take into account three national political parties, fast-growing regional parties in the West and Quebec, ten provinces each anxious to protect its own interests, as well as special interest groups such as the aboriginals.

The process for bringing the constitutional debate to a conclusion remains shrouded in uncertainty. The government is torn between calls for wide public participation, for instance, through a national referendum, and warnings that nothing will be settled without decisive leadership from Ottawa.

Mr Clark is disappointed that federalists in Quebec, fearful of being outflanked by the separatists or embarrassed by Ottawa, have kept their heads down. Besides Mr Mulroney (who is a Quebecker) and Mr Clark, business leaders are the only group to have spoken out forcefully against independence.

Despite the obstacles, Mr Clark is confident that common ground will be found. "I think enough people realise that the country is very close to serious trouble," he says. One of the government's strategies has been to warn all sides of the high costs of tearing Canada apart.



IMF delays a loan to Kenya over policies

By Julian Ozanne in Nairobi

THE International Monetary Fund (IMF) is delaying disbursement of a SDR45.23m (£34.8m) loan to Kenya pending further discussion with the government about economic performance targets.

The move, which follows a visit to Nairobi by an IMF team last week, comes a month after Kenya's international donors meeting in Paris decided to hold back new aid pledges for six months until more progress was made on political reform, economic liberalisation and the fight against widespread government corruption.

Together the decisions will have a severe impact on the aid dependent economy which received $1.6bn (£870m) of assistance in the last two years alone. Economists predict a serious balance of payments problem in the next six months which may force the government to squeeze public sector imports, a move which would hamper economic growth.

The delayed disbursement of the tranche, available under Kenya's three-year enhanced structural adjustment facility, follows the failure of the IMF mission to conclude a satisfactory mid-term review of the programme.

Unlike the decision in Paris, the Fund's appraisal is made on strictly economic criteria. It could restrain other aid commitments by donors, many of whom insist that a IMF programme must be in place.

According to a senior western economist three issues concern the Fund: a growing fiscal deficit, the over-expansion in the money supply and poor progress on parastatal and civil service reform.

Of these the deficit is most serious. The IMF has now revised its estimates for fiscal year ending June 1991, putting it at 6.7 per cent of GDP, against a government target of 3.8 per cent of GDP.

The target of 2 per cent for the current year ending June 1992 is believed to be unrealistic, and independent forecasts put it at around 4-5 per cent. The government's recourse to domestic borrowing to fund the deficit will rapidly increase the money supply with knock-on effects on inflation, already a worry to international donors.

The IMF mission left behind its own view of the tough fiscal and monetary measures which the government will have to take in order to qualify for the delayed disbursement.

Professor George Saitoti, vice president and minister of finance, yesterday downplayed the IMF move and said he was optimistic the government could implement the stricter policies.

These would include tightening tax collection, reigning in government expenditure, stopping new development projects, curtailing civil service recruitment, especially at the lower grades, and new revenue measures, in particular the repayment to government of parastatal debt.

He said the government was moving quickly on privatisation and would soon offer Kenya Airways to the public.

"We have an agreement (on new measures required) with the IMF, subject to ratification by the cabinet, and I think donors will demonstrate more flexibility," Prof Saitoti said.

However several donors, including Britain, the United States, Japan and the World Bank have confirmed that they are already withholding significant amounts of balance of payments support in the wake of the Paris meeting.

NEWS IN BRIEF

Body of US colonel handed over in Beirut

The remains of the murdered Lebanon hostage, Colonel William Higgins, were handed over to the United States yesterday in Beirut, Reuter reports from Beirut.

A partially mummified corpse, found dumped in a street early on Sunday, was identified by pathologists at the American University Hospital as that of the US Marine Corps lieutenant-colonel who was kidnapped in February 1988.

In a coffin draped in the Stars and Stripes, Col Higgins's remains began the journey home on board a van escorted by guards to the US embassy. The coffin was to be flown by helicopter to Cyprus and on to the US for burial. A Lebanese kidnap group said on July 31, 1989, that it had killed Col Higgins, then 44, in retaliation for the kidnapping by Israeli commandos of the pro-Iranian Hizbollah cleric, Sheikh Abdel Karim Obeid.

FAO aid appeal for Africa

At least 13m people in Sudan and Ethiopia risk starvation due to civil wars and drought, the United Nations food agency said yesterday, Reuter reports from Nairobi.

"Food production rose in Sudan and remained above average in Ethiopia during 1991, but victims of drought and strife will need more than 1.5m tonnes of food aid next year," said a Food and Agriculture Organisation statement. A staggering 9.75m people in the two nations will go hungry due to poor crop yields, according to the statement.

Burundi-Rwanda dispute ends

A week-long dispute over the fate of 233 people who sought refuge in Rwanda's embassy in the Burundi capital of Bujumbura ended yesterday when they left the diplomatic compound to be questioned by police, Reuter reports from Bujumbura.

Official sources who said the asylum-seekers were Rwandans of "suspicious" origin were led from the embassy and escorted to the national police college in the presence of delegates of the International Committee of the Red Cross. Burundi has blamed people from its central African neighbour of being part of a rebel attack against Bujumbura and surrounding areas last month.

S Korean warning on N-talks

Mr Roh Tae Woo, the South Korean president, said yesterday that the US should not contact North Korea directly over the nuclear weapons dispute, as Pyongyang demands, Reuter reports from Seoul.

"In connection with North Korea's nuclear issue, the United States should not negotiate directly with North Korea," a presidential aide quoted Mr Roh as telling a visiting US congressman, Mr Steven Solarz.

Nigerian plan for coalition

Thirteen leading Nigerian politicians recently freed from military detention have formulated plans for a government of national consensus in late 1992 to help rid Nigeria of instability, a leader of the group, Mr Abubakar Rimi, a former civilian governor of the northern state of Kano, said yesterday, Reuter reports from Lagos. The 13, representing a broad spectrum of views, were freed last Friday after being held for three weeks in a guest house for defying a ban, now lifted, on their participation in politics.

Marcos surrenders to court

Mrs Imelda Marcos, facing trial for alleged corruption, was fingerprinted after surrendering to a Philippines court yesterday and said the "ugly" episode would spoil her Christmas, Reuter reports from Manila.

She appeared in court on charges of helping her late husband, former dictator Ferdinand Marcos, loot the economy and hide their wealth in Swiss banks.

Moi sacks senior minister amid party rows

By Julian Ozanne in Nairobi

PRESIDENT Daniel arap Moi of Kenya yesterday sacked a senior cabinet minister amid signs of infighting in the ruling Kenya African National Union (Kanu) as it prepares for an early general election.

The ousted politician, Mr Peter Oloo Aringo, minister of manpower development and national chairman of Kanu, represented the reformist wing of the party. The reformers have advocated an overhaul of Kanu in response to the challenge posed by the new opposition party, the Forum for the Restoration of Democracy (Ford).

The move came as more than 50 Kanu officials and members from the important and populous district of Murang'a, in Central Province, announced they had resigned from the party and were joining Ford. Yesterday's developments suggest the reluctance of President Moi and the conservative officials who dominate the upper party echelons to respond to demands for a thorough reform of Kanu, which has been damaged by corruption, ballot-rigging and heavy-handed party officials.

Until his dismissal Mr Aringo had been spearheading the campaign for cleaning up the party. With Mr Mwai Kibaki, minister for health, he had called for Kanu to conduct fresh grass-roots elections, adopt secret balloting and give the opposition time to organise properly. At a weekend rally, where he alleged he had been unfairly excluded from a committee drafting a new Kanu manifesto, he said: "Kanu is a dirty house that only requires thorough cleaning to restore some of its former glory." Together Mr Aringo and Mr Kibaki represent vital tribal interests, being leading members of Kenya's two biggest tribes the Luo and Kikuyu respectively.

Ethnic loyalties are expected to play a key role in the forthcoming election.

Emperor Akihito and Empress Michiko greeting a crowd at the imperial palace in Tokyo yesterday during celebrations to mark the emperor's 58th birthday. More than 12,000 people attended.

Pressure grows for UN to halt clashes in Phnom Penh

By Alexander Nicoll, Asia Editor

THE United Nations is under strong pressure to increase its presence in Cambodia rapidly after an outbreak of violence in Phnom Penh, which threatens the country's peace agreement.

Under the accord which was supposed to end 13 years of civil war, a United Nations Transitional Authority in Cambodia (Untac) is to establish itself with responsibility for overseeing the truce between guerrilla factions, the laying down of their arms and, eventually, elections.

However, the full Untac force is not expected to arrive for several months. A small contingent of UN forces is in Cambodia, but has been powerless to discourage recent civil unrest.

Last weekend, three people were killed and scores injured, universities were closed and a curfew imposed.

Diplomats in Phnom Penh are asking their governments to put pressure on the UN in New York to accelerate sending UN forces.

The violence forced a second postponement of the first meeting in Phnom Penh of the Supreme National Council, a reconciliation body with representatives from all four factions, which under the peace accord is supposed to administer the country in tandem with Untac until elections are held.

Last month, the SNC was unable to meet because leaders of the Khmer Rouge, which killed more than 1m people during its rule in the 1970s, were beaten up and driven out of Phnom Penh within hours of returning to take up their place on the council. Last Saturday, they were due to make a second attempt to return but did not do so as violence flared.

In the absence of SNC or Untac authority, the Vietnamese-installed government of Mr Hun Sen, the prime minister, remains in power.

On Saturday night, police and soldiers fired tens of thousands of rounds of ammunition into the air and into buildings to break up student protests against corruption in the sale of government assets. The previous day, Mr Ros Chhun, communications and transport minister, had been forced to resign when demonstrators destroyed a house he owned, calling him a thief.

Last week, a senior aide to Prince Norodom Sihanouk, head of state and SNC chairman, resigned saying palace intrigue and corruption threatened Cambodia's recovery from war. He accused Prince Sihanouk of doing nothing to prevent government leaders from selling off the country to the highest bidder.

The arrest of a student at the medical school had triggered Saturday's confrontations as students stormed a police station to free their colleague.

One student was shot in the chest as he and his comrades set fire to a police station. Another civilian and a soldier died from gunshot wounds, doctors and officials said.

On Sunday, a curfew was imposed and yesterday, all universities and colleges in Phnom Penh were closed.

Mr Hor Namhong, the foreign minister, said protesters would now need government permission. He said the government supported demonstrations against corruption, but that the government could not allow armed insurrection.

Most diplomats in Phnom Penh do not expect UN peacekeepers to be a major force until April or May unless the violence speeds up the UN, which has been working out a budget and procedures for the force.

Kurds invited to Baghdad for talks

KURDISH leaders said yesterday the Iraqi government had invited them to Baghdad to discuss its two-month economic blockade of northern Iraq, Reuter reports from Salahuddin, Iraq.

Sources at the headquarters of Mr Massoud Barzani's Kurdistan Democratic Party (KDP) said the invitation came in response to a letter from Mr Barzani saying Kurdish leaders had agreed to guarantee the safety of government employees in Kurdistan, an Iraqi condition for lifting the blockade.

They said Mr Barzani received the invitation late last week.

Ten days ago, when Kurdish leaders voted to guarantee the safety of government employees, they set December 23 as the deadline for Baghdad to lift the blockade. The deadline arrived with no evidence of Iraqi compliance.

Salaries of most government employees in Kurdistan have not been paid by Baghdad and fuel and food deliveries have been interrupted.

India 'will need 100m more jobs'

By K.K. Sharma in New Delhi

INDIA will need to create 10m extra jobs each year for the next 10 years to reach a state of near-full employment at the turn of the century. This projection has been made by India's Planning Commission which has formulated a paper on the approach to the Eighth Five-Year Plan beginning April, 1992.

The target is virtually impossible to achieve, despite the calls yesterday by Prime Minister P.V. Rao to eradicate poverty. Mr Rao was speaking to the National Development Council (NDC), India's highest economic decision-making body of which all state chief ministers are members. Yesterday, it began a two-day meeting to approve the paper.

The NDC meets as the country is in the midst of economic reforms which have made the role of centralised planning virtually redundant. This is clear from the difference between the macro-economic projections by the finance minister recently and those made yesterday by Mr Pranab Mukerjee, the Planning Commission's deputy chairman. The finance minister had said GDP would grow by 3.5 per cent next year, and possibly 4 per cent in 1992-93.

The Planning Commission is still talking of an ambitious 5.5 per cent annual growth rate for the next five years. This is hardly feasible in view of the policies initiated to stabilise the economy. The Planning Commission acknowledged it had a new role to play when Mr Mukerjee told the NDC that "indicative planning" would have to replace India's centralised planning system that has run for four decades.

But the public sector will still have an important part to play. This is borne out by the provision of funds in the Eighth Plan aimed mainly at growth and diversification of agriculture and infrastructure development, especially in power, transport, communications and irrigation.

Mr Mukerjee stressed that the targets of the Eighth Plan would not be reached unless India lowered its population growth rate from 3.5 per cent now to 2 per cent.

Gulf states in first meeting since war

By Our Middle East Staff

THE six members of the Gulf Co-operation Council gathered yesterday in Kuwait, for the first time since the withdrawal of occupying Iraqi forces last February, to discuss security arrangements in the region.

Formed 10 years ago in response to the war between Iraq and Iran, the body initially insisted that its main role was economic co-operation. However that fiction has increasingly been abandoned as Saudi Arabia, Kuwait, Oman, United Arab Emirates, Qatar and Bahrain sought to counter regional military threats. The six leaders are also expected to approve measures aimed at moving towards a Gulf common market and to give a provisional go-ahead to a $10bn (£5.4bn) development fund to channel aid to Arab allies whose economies were worst hit by the Gulf crisis.

There is little indication yet that Kuwait's ruling al-Sabah family has been able to put together a credible defence policy and its armed forces remain well below strength.

But, the government appears unwilling to permit Syrian and Egyptian troops to be based on Kuwaiti soil for any extended period of time.

Reforms at stake as Algerian elections loom

Francis Ghilès analyses the fundamentalists' challenge to an aspiring democracy

THE government of Mr Sid Ahmed Ghozali faces its sternest test on Thursday when Algerians vote in the first multi-party general elections since their country achieved independence from France in 1962.

At stake is not simply the question of the challenge Moslem fundamentalist parties will present but the fate of the reforms aimed at liberalising Algeria's state command economy, which have been promoted by Mr Ghozali and his predecessor, Mr Mouloud Hamrouche.

The outcome is keenly awaited in neighbouring Tunisia and Morocco, which have chosen to contain Moslem fundamentalism by more brutal means, as well as in France, Italy and Spain.

The conundrum Algeria faces may be insoluble: how does an aspiring democracy cope with a movement, many of whose leaders make no secret of their contempt for freedom of political choice? At the same time, the government is having to implement a painful economic reform programme for which it is almost certainly going to pay a price at the polls. Most prices have doubled since last September – a rise made necessary by a quarter of a century of artificially low prices and inflated bureaucracy.

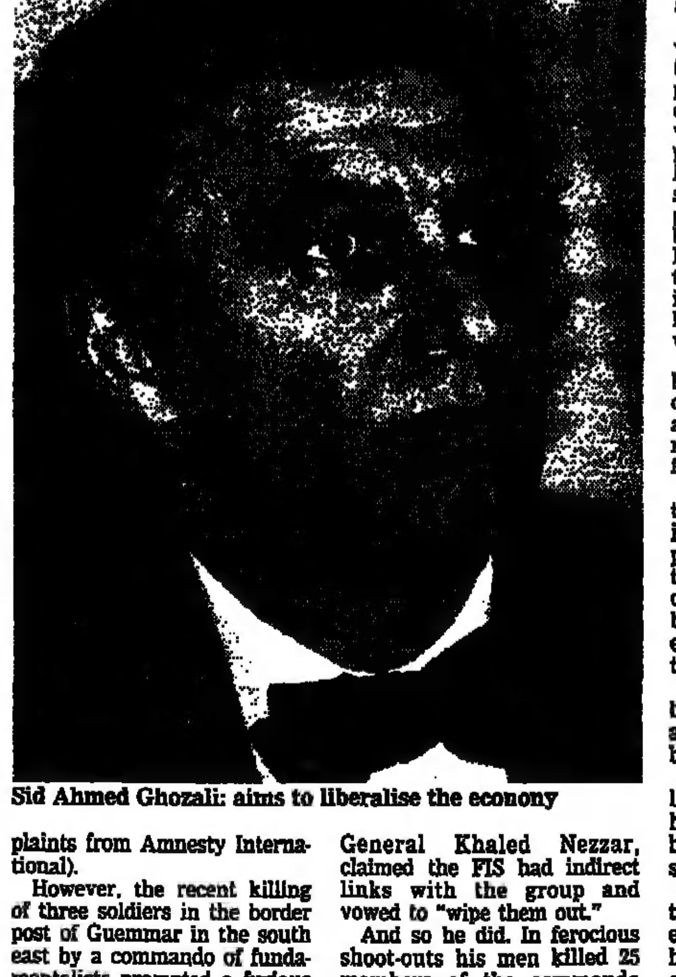
The major Islamic fundamentalist party, the Front Islamique du Salut (FIS), which gained control of a majority of town councils in the 1990 local elections, derailed plans to hold general elections last June when it rioted to protest against the flagrant gerrymandering of constituency boundaries.

The FIS confirmed at the beginning of this month that it would present candidates in every constituency. Until recently, the provisional head of the party, Mr Abdelkader Hachani, had made the handing over from a military to a civilian court of the trial of the party's two paramount leaders, Mr Abassi Madani and Mr Ali Benhajd, in prison since last June, a *sine qua non* of the party's participation.

Soon after being appointed, Mr Ghozali expressed his conviction that the FIS could not win a majority in free elections but insisted that to suggest the party would not be allowed to do so would vitiate the democratic process.

The Prime Minister has been as good as his word and has battled hard with outgoing deputies, all of whom belong to the party which, until the riots of October 1988, held a monopoly of power in Algeria, the Front de Libération National (FLN), to secure a fairer electoral law.

Mr Ali Haroun, the respected lawyer appointed last June as minister of human rights, a post unique in the Arab world, has ensured that, despite the internment of thousands of FIS supporters last June (all but a handful have now been released), there is a conspicuous absence of the usual indicators of large-scale human rights violations (such as complaints from Amnesty International).



Sid Ahmed Ghozali: aims to liberalise the economy

However, the recent killing of three soldiers in the border post of Guemmar in the south east by a commando of fundamentalists prompted a furious reaction from the army.

The Minister of Defence, General Khaled Nezzar, claimed the FIS had indirect links with the group and vowed to "wipe them out."

And so he did. In ferocious shoot-outs his men killed 25 members of the commando unit. The incident comes at a convenient time for those wishing to scare people off supporting the FIS and underlines the army's key role.

While FIS leaders clearly wish to participate in the elections, their more restive supporters may still be tempted to cause trouble. Arguments over whether the FIS should participate or not have raged among its leaders since last June, some senior members of the party expressing the view that by abstaining they would be keeping their powder dry for the much more important presidential elections due in 1993. Real power in Algeria rests with the head of state.

The FLN is also torn, between an old guard, fearful of reform and a younger generation who desperately want to regenerate the party which freed Algeria from the French.

Two main secular parties, the Front des Forces Socialistes and the Rassemblement pour la Culture et la Démocratie, are also vying for the votes of those Algerians who want to build a modern and free society, together with 43 other parties.

But such considerations may be far from the minds of the average Algerian, confronted by spiralling price rises.

A period of belt-tightening lies ahead, with most Algerians hoping that the elections will bring a period of stability and serious government.

If they do not, what is left of the educated and technical elite will follow the tens, if not hundreds, of thousands of their compatriots who have settled abroad, in Europe and North America.

Uneasy truce for Jew and Christian

By Hugh Carnegy in Jerusalem

"WHAT a tragic mistake," said the preacher at St George's Anglican Cathedral in Jerusalem, that the Jews had failed to recognise John the Baptist as Elijah, returned to herald the Messiah's coming.

At Christmas in the Holy Land, there is an acute sense that Christ's birth marks the parting of the ways between Judaism and Christianity. Twenty centuries later, the relationship is as complex and fraught as ever.

Today in Bethlehem, the hilltop town in the Israeli-occupied West Bank where Christ was born, celebrations take place under Israeli army control, as has been so since Israel captured East Jerusalem, the West Bank and the Gaza Strip in 1967. Israeli buses will ferry worshippers to Midnight Mass in Bethlehem's Manger Square, where the fortress-like Israeli police station looks down on the Church of the Nativity.

This is only one manifestation of the uncomfortable relationship between Jew and Christian in the Holy Land. To Israelis, memories of the horrors suffered by Jews in Christendom are ever present. In 1992, much attention will be paid to the 500th anniversary of the expulsion of Jews from Spain and their dispersal in the Sephardic diaspora.

Mr Moshe Gilboa, the foreign ministry's head of relations with the Christian churches, says the establishment of Israel changed, but did not simplify or smooth, Christian attitudes to the Jewish people. "The creation of Israel was for many Christians the antithesis of what they expected, because it contradicted their understanding of the punishment the Jews had to bear for rejecting Jesus."

Israel sees relations with the Roman Catholic Church as most frustrating. The Vatican only voiced formal recognition of Israel during the Gulf War, when Israel was under attack by Iraqi Scud missiles. But the Vatican still refuses diplomatic relations until the status of Jerusalem is resolved and Palestinian and Christian rights in the Holy Land have been secured.

These days, much of the Vatican's position is explained by its concern about the Palestinian Roman Catholic community, one of the three largest among the 140,000 Arab Christians who live in Israel and the occupied territories. No less than 42 different Christian churches in Jerusalem cover Armenians, Copts, Ethiopians, Evangelicals, Lutherans, Presbyterians and many more. Israel proclaims their presence as evidence of its commitment to freedom of worship.

But most indigenous Christians oppose the Israeli occupation, and are critical of the way Israel has treated its Arab population. The Rev Naim Ateek is a priest in the tiny Palestinian Anglican community who was born in Beisan, today the Israeli town of Beit Shean. He recalls being forced to leave his home in 1948 at gunpoint. He accepts Israel's right to exist, but adds: "I see Israel as a state which has done a great injustice to the Palestinians".

Many Christians from overseas think Israel's creation was God's work, fulfilling Old Testament prophecies. These evangelicals, mainly from the US "Bible Belt", come to Israel every year to proclaim support for the State of Israel. They are joined by another brand of Christian Israel-backers whose support is based more on the desire to atone for past wrongs done to Jews by Christians. The focus of their activities is the so-called International Christian Embassy in Jerusalem which every year spends millions of dollars supporting Israel.

Orthodox Jewry is deeply suspicious of such Christians, accusing them of secretly wanting to convert Jews to Christianity. But the present government fêtes these groups whose political stance exactly mirrors its own. At the "First International Christian Zionist Congress" in Basle in 1985, the fundamentalists declared the occupied territories were a part of Israel and asserted the right of Jews to settle them. Mr Jan van der Hoeven of the "Christian Embassy" admits the traditional churches dislike what he is doing, but says: "You can't criticise me for trying to build bridges to the Jews".

Behind the political differences, great theological argument goes on among Christians about whether the Bible should be interpreted as pledging exclusive rights over the Promised Land to the Jews, or be seen in terms of the rights of all people. But on Christmas Day they will all be celebrating the birth of Christ. Meanwhile, Israelis will be at work as normal. To the Jews, the "tragic mistake" was not theirs, but the belief that the infant Christ was the Messiah.

UK NEWS

New Year hangover awaits UK chancellor

By Peter Marsh, Economics Staff

MR NORMAN Lamont can probably look forward to a relatively peaceful Christmas. But the chancellor might be advised to prepare for a massive New Year hangover.

The consensus yesterday was that problems for sterling over its position in the European exchange rate mechanism (ERM) are likely to remain dormant during the holiday, but crop up with a vengeance in early January.

With all other ERM countries having increased their rates recently, pressure on sterling in the system may force Mr Lamont to lift UK base rates from their current 10.5 per cent.

Disastrously for the chancellor – and possibly for the hopes of the Conservatives in winning next year's election – such a move would take place just as many politicians and businessmen are calling for a reduction in rates to boost the flagging economy.

The crisis over monetary policy started last Thursday, when the Bundesbank tightened German rates by 0.5 per cent to crack down on inflation caused by unification. That triggered demand for D-Marks, with the effect amplified by the US Federal Reserve action the next day in cutting US interest rates – which caused many international fund managers to swap dollars for the German unit.

The resulting strain in the ERM, which links nine European currencies in fixed margins around the D-Mark, led to the monetary authorities in Denmark, the Netherlands, Ireland and Belgium lifting their rates at the end of last week. France, Spain and Italy and Spain soon followed.

In weak trading yesterday, sterling closed in London at 2.84, roughly half a pfennig above its effective floor in the ERM and 11 pfennigs below its DM2.95 central rate. Should the D-Mark strengthen significantly in the New Year, sterling could sink further, forcing on the chancellor a highly unpopular action.

In Britain's favour, it is the only ERM currency, except the Spanish peseta, with a 6 per cent margin against its central D-Mark rate.

All the other units have relatively tight, 2.25 per cent bands, which gives Britain and Spain more room for manoeuvre within the system.

Were the German economy to show a slowdown in activity next month, it could weaken the D-Mark and reduce the ERM strains.

This would be a bolt from the blue, however, and with all signs from the UK economy indicating continued weakness, which is hardly likely to buoy investor support for the pound – Mr Lamont will be looking ahead to 1992 with a lack of relish.

Decline in manufacturing exports hits trade deficit

By Peter Marsh, Economics Staff

BRITAIN had a trade deficit on manufactured goods in the three months to November of £1.2bn, after a £54m surplus in the previous three months, the Central Statistical Office (CSO) said yesterday.

The main element of the change is that the value of manufactured exports declined by 5 per cent between the three-monthly periods, from £22.3bn to £21.2bn, while imports edged up by 0.5 per cent, from £22.2bn to £22.4bn.

Behind the seasonally adjusted figures is that export markets for many UK companies have become more difficult in recent months, as overseas economies such as the US and Germany have shown signs of weakness. Meanwhile, import growth has been relatively small due to the faltering nature of the UK recovery.

As regards trade in merchandise goods including oil, exports last month were slightly higher than in October at £8.7bn, while imports also increased fractionally to £9.6bn, giving a visible trade deficit of £887m.

Taking into account trade in invisible items such as services, interest payments and assorted financial transfers, the CSO is projecting a surplus in this area in November of £300m.

In volume terms, merchandise exports in the three months to November were 3 per cent down compared with between June and August. Exports of general consumer goods and food, drink and tobacco were up by 6.5 per cent and 5.5 per cent respectively.

As for imports, which saw a 1.5 per cent decline in volume terms between the three monthly periods, the categories showing the biggest falls were fuels and cars.

In value terms, exports to the rest of the EC showed a 1.5 per cent decline between September and November, compared with the preceding three months. Exports to the US were down 12 per cent between these periods.

CURRENT ACCOUNT (£bn)

	Current Balance	Visible Trade Balance: Total	Less oil and erratics	Exports	Imports	Invisibles Balance
1989	-20.4	-24.6	-27.5	92.4	117.0	+4.2
1990	-15.2	-18.7	-21.1	102.0	120.7	+3.5
Qtr 3	-2.6	-4.0	-5.0	25.3	29.4	+1.5
Qtr 4	-2.2	-3.2	-3.9	25.7	28.9	+1.0
1991						
Qtr 1	-2.7	-3.0	-3.6	25.0	28.0	+0.3
Qtr 2	-0.1	-2.1	-2.6	26.1	28.2	+2.0
Qtr 3	-1.3	-2.3	-3.5	26.5	28.8	+1.0
May	-0.2	-0.9	-1.1	8.5	9.4	+0.7
Jun	+0.3	-0.4	-0.8	9.1	9.4	+0.7
July	-0.3	-0.6	-1.1	8.8	9.4	+0.3
Aug	-0.5	-0.8	-1.1	9.1	9.9	+0.3
Sept	-0.6	-0.9	-1.2	8.6	9.5	+0.3
Oct	-0.6	-0.9	-1.1	8.7	9.5	+0.3
Nov	-0.6	-0.9	-1.2	8.7	9.6	+0.3

Invisibles for October and November 1991 are projections. Figures are seasonally adjusted, and due to rounding may not add up. *Source: CSO*

Officials try to calm Tory nerves

By Ivo Dawnay, Political Correspondent

THE government was last night calming frayed nerves about the state of the economy among Tory MPs, claiming that pressure on sterling should ease in the shallow trading expected over the holiday period.

Downing Street insisted that there was little cause for concern, with one senior official claiming: "We have got the bad news behind us."

An increase in German rates had been anticipated and the pressure on the pound centred more on funds leaving the dollar and opting for the D-Mark before sterling, the official added.

He also said the underlying rate of unemployment in Britain has halved over the past three months and the state of the economy was "much better" than might have been expected at this stage of the economic cycle.

Mr Gordon Brown, Labour's trade and industry spokesman, said the trade figures were yet further evidence of the need for new policies.

Threat of closure to telecoms directorate

By David Owen

THE government has told the Home Office department which provides vital telecommunications services to the police and fire brigades to halve its trading losses or face possible closure.

A financial plan agreed with ministers requires Dtels, formerly the Directorate of Telecommunications, to cut its deficit from an expected £4m this year to £2.2m in the year ended March 1994. If Dtels meets or exceeds these financial targets, it will almost certainly be privatised.

Its senior management is confident that Dtels will meet the conditions laid down in the plan, pointing out that all targets set since 1989 have been hit.

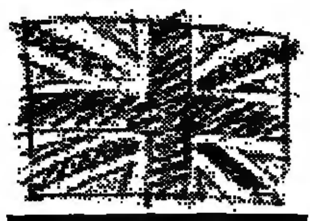
"When we started this I think there were very grave doubts . . . that it would survive," said Mr Nigel Finlayson, head of Dtels. "Now I am cautiously optimistic about the future."

Management is said to have satisfied the government that pursuing the closure option would involve substantial costs.

Neither maintaining the current position nor moving to agency status are regarded as realistic alternatives by the government. Officials note that the agency concept is only intended for civil service activities that are not deemed suitable for privatisation.

After many years as a centrally funded procurement agency for radio equipment, Dtels has been competing head on with the private sector since April 1989 in the provision of installation and maintenance services.

BRITAIN IN BRIEF



Water users face steep rise in bills

Customers of South West Water (SWW), the west of England water supply company, face steep rises in their bills next year to pay for environmental improvements and, together with the rest of the industry, can expect further increases in subsequent years.

The Office of Water Services (Ofwat), the industry's economic regulator, announced it was allowing SWW an increase in its charges of around 16 per cent, or £30 on the average bill, to meet substantial new European Community obligations not apparent when the industry was privatised two years ago.

The decision underlines the sharply rising costs to customers of meeting environmental improvements demanded by the EC.

Lex, Page 10

Christmas 1991: homeless Londoners queue for food in a converted warehouse near Tower Bridge where the charity 'Crisis' expects to feed and accommodate 1,800 people over the next few days. The charity, which is ready to serve 3,000 meals a day over the week-long holiday period, is seeking £3m annually to fund 260 long-term homelessness projects in the capital.

Union plans gather pace

The plan to create a huge public sector union from a merger of Nalgo, the local government union, NUPE, the public services union and COHSE, the health union, has been given impetus after several months of drift and dispute.

The executives of all three unions reached agreement last week on a range of issues, including finance and structure, which had been proving difficult to resolve.

Detailed negotiations have still to take place on full-time officials and Labour Party affiliation, but it is now probable that a final agreement will be ready to go to all three union conferences in the summer and on to a ballot of all members at the end of 1992.

Amex in Laura Ashley dispute

American Express has stopped Laura Ashley stores from accepting its card after a dispute which began when a senior executive of the US company tried to buy goods with his charge card but was asked if he had a different one.

"We found out that they were asking customers to use another card," American Express said. "When we went to them to ask what was going on, they wanted us to give them a single global [commission] rate. We couldn't do that because there are different business costs in each market that we operate in."

It said that Laura Ashley had continued to discourage customers from using their American Express cards. As a result American Express has cancelled its agreement with Laura Ashley, invoking a clause which prevents retailers from favouring one card over another.

Labour launches teaching plans

An incoming Labour administration would retain the probationary year for trainee teachers that the government plans to scrap, according to Mr Andrew Smith, a party education spokesman.

Launching the party's proposals for "overhauling" teacher training, Mr Smith said Labour would also try to cut the estimated £90m a year wasted in training teachers who subsequently leave the profession.

Labour plans to introduce a national curriculum for teacher training and more classroom experience. There would be training for those returning to teaching after a break and development throughout teachers' careers.

Thames awards £85m contracts

Thames Water has awarded two contracts totalling £85m for improvements at two water treatment works serving London - part of the privatised company's £360m improvement programme. The contracts account for two-thirds of a £130m investment at Ashford Common, near Staines, and at Walton on Thames, to produce high quality water and increase the amount of water treated each day.

MANAGEMENT: The Growing Business

Sowing the seeds of knowledge

Charles Batchelor says that small business services companies have to fight if they want to grow big

Forget the gleaming laboratory or the humming production line normally regarded as *the symbols of dynamism*. Britain's latest industrial revolution is taking place in *cramped, sparsely furnished* offices like those of Initiative Europe in south London.

Squeezed between a railway line and a one-way road system, Initiative Europe's offices may not convey an impression of commercial vitality. But companies like Initiative Europe, which produces newsletters and directories for venture capitalists, have provided *much of the small firms'* growth in the past decade.

Knowledge-based companies providing services to business have been one of the fastest growing areas in the services sector, according to a recent study* by researchers at Cambridge University and University College London.

It shows that the number of enterprises providing services rose by 184,000 or 22 per cent between 1985 and 1990 compared with an increase of just 14,000 or 9 per cent in manufacturing businesses.

Growth was most dramatic in professionally-based, *information-intensive sectors*, the researchers discovered. It occurred in areas such as computer services, management consultancy, market research, public relations and employment recruitment.

Small firms are well able to compete with large by applying their expertise (usually gained in a large firm) to specialist niche markets. They are also more flexible and can call on networks of associates to help them.

Initiative Europe started out ambitiously with a staff of four, says Antonia Millen, one of the co-founders. The reason for this was the need to build up rapidly a sufficiently large range of products to sustain the business. Both Millen and her co-founder, Simon Thornton, had left an established company supplying data to the venture capital industry so they were aware of the competition. Now three years old, Initiative Europe has a staff of five, turnover of £250,000 and it has just started to make profits. Growth has proved tougher than planned – the founders had expected to break even in the first year.

But the company has been successful in launching two newsletters and two directories and is starting to market a register of institutions involved in venture capital investing.

Despite the academic researchers' findings that the general climate was favourable to new ventures in the business services field, Millen and Thornton have had to fight to establish themselves. Winning credibility in the market place was crucial and in the early days it was difficult to persuade people to provide information for publication let alone pay for a subscription.

They built up credibility by travelling throughout continental Europe to meet people and by making sure their newsletters contained information subscribers could not afford to be without.

Robert Marshall, founder of Marshall Trade Associates, a Bath consultancy which advises companies on countertrade deals, confirms that establishing credibility is difficult. He had problems persuading clients to deal with him rather than the countertrade departments of the big banks.

For the new company, marketing a service is more difficult than selling a tangible product, explains Marshall, who expects to achieve turnover of £60,000 this year.

Like countertrade, the management of foreign exchange and interest rate risks is also an esoteric subject. "Before I go to see people they often don't even know they have a problem," says Michael Pearce, founder of the three-year-old Tring-based PMC consultancy.

Pearce, who has just taken on a second person, built his business by phoning and meeting people and with the help of some timely press coverage of his activities.

The costs of setting up in business are not high – though the entrepreneur must have the means to survive for several months without earning a significant income. Pearce works from home while David Tallboys, co-founder of Equity Ventures, a two-person corporate finance boutique operates from a small office in Mayfair with a monthly overhead cost of about £1,500.

The drop in the price of computers mean that the small firm can match its larger rivals in technology. Tallboys, who worked for several large City firms before setting up on his own, says his firm's two personal computers – which cost about £2,000 – give him the same capacity and access to on-line databases as any of his former employers.

Raising start-up finance is not a large problem for new businesses in this field, according to the research study. Michael Pearce says he had no difficulty borrowing from his bank £15,000 of the £20,000 he needed to get started.

But for businesses such as Initiative Europe, which depend on subscriptions for newsletters and other publications, the financial picture is less favourable. Subscriptions are treated for accounting purposes as a current liability while the revenues are spread out over the period for which the subscription runs. The accountancy treatment of subscriptions means newsletter publishers have large current liabilities and a negative net asset position.

Explaining to the bank manager and to leasing companies that the balance sheet is not signalling the demise of the business causes endless problems, says Antonia Millen.

For the service business the biggest cost is usually salaries. The founder may be prepared to forgo an income at first but staff will not be prepared to work for nothing - or unduly modest amounts.

David Tallboys believes he and his partner should be able to match their City salaries on the basis of two or three sizeable deals a year.

But if staff – and their expertise – are the strength of the small business services firm they are also their weak point. Initiative Europe suffered a setback when one of the four founding staff decided not to return after taking maternity leave, says Millen.

The low barriers to entry mean staff can spin off and set up on their own almost as easily from a small business as they can from a large one. Awareness of the fact that staff can walk out of the door has partly conditioned Initiative Europe's approach. By concentrating on established a range of publications it will be creating a saleable asset which cannot walk off, says Millen.

The in-built fragility of firms in the field of business services puts a question mark over their future. Britain has done well at creating new businesses in recent years but less adept at helping them grow to any size. As the services sector comes to play a larger part in the economy the issue of growth seems set to become even more acute.

**Entrepreneurship and Flexibility in Business Services: The Rise of Small Management Consultancy and Market Research Firms in the UK. By D. Keeble, J. Bryson and P. Wood. Tel. 0223 333399.*

Small firms' view of their competitive strengths

	Number of mentions
Quality of work	45
Knowledge of specific markets/expertise	30
Quality of firm's staff	30
Personal attention of clients needs	29
Flexibility	24
Reputation	21
Specialization	20
Price	17
Awareness of client's requirements	14
Added value	12

Source: Cambridge University Small Business Research Centre

Initiative Europe's Antonia Millen and Simon Thornton

Learn how to read and how to lead

Charles Batchelor finds crackers on the bookshelf

If you have spent the past 12 months forgetting appointments, double-booking lunches, failing to delegate responsibility or neglecting to assume the leadership that was your due there is hope for the year ahead.

The business sections of most good bookshops are positively bulging with succinct and informative handbooks on how to take a firm control of your destiny and banish all the failings which have been holding you back.

Be an Achiever by Geoffrey Moss (98 pages £5.99) starts, it must be said, somewhat limply, quoting an influential businessman, on the secret of his success. "If I have learnt one thing over the years," this captain of industry vouchsafes, "It is that no-one owes you a living."

It goes on by inviting readers to classify themselves in one of three categories: those who make things happen; those who watch things happen; and those who wonder what happened. There follows a sackfull of helpful hints on choosing careers, chairing meetings and delegating responsibility.

For the under-achiever in search of a slightly more inspirational tone Pat Helm and Elwood N Chapman's Learning To Lead (78 pages £5.99) will provide a boost. The authors might be accused of dallying with the occult in chapters headed Developing Your Leadership Power Sources and Develop a Vision.

Personality power is the most important of our three primary sources of power, alongside role power and knowledge power, the authors explain. It is, they suggest, advisable to play down your role power because "a true leader does not need to remind team members that he or she is in charge". Instead, you should capitalise on your different physical traits. Napoleon was short, for example, while De Gaulle had a big nose, they point out helpfully.

For those seekers after truth distracted by some of the more exotic suggestions contained in these self-help books Improve Your Concentration! (Sam Horn 102 pages £5.99) offers the prospect of a healthy antidote.

But this impression does not last for long. Sam (a woman by the way) has no intention of keeping things simple. In the chapter entitled Why Can't I Concentrate? she identifies no fewer than 11 blocks to concentration, leaving extra white space for readers to add their own pet distractions.

In what must surely be a certain winner in any "Problems you didn't know you had" competition she goes on to explain the difficulties caused by Low Frustration Tolerance and Lack of Interest or Motivation. A later chapter provides no fewer than seven tips on motivating yourself to concentrate on uninteresting tasks. One way to get a boring task done is to make it more difficult, she suggests.

> Capitalise on your different physical strengths: Napoleon was short while De Gaulle had a big nose

If your problem is not so much concentrating on the tasks others set you but of thinking up some of your own then 101 Ways To Generate Great Ideas (Timothy R V Foster 124 pages £6.99) is the book for you. Experienced readers of self-help handbooks may have their suspicions aroused by the author's predilection for numbers in his title. They will not be disappointed.

Way 20: Give your Senses a Workout captures the flavour admirably. All your senses can help build your creativity, the author suggests. But you must keep them active. How?

Pick a familiar object. A banana for example. Work through your senses evoking memories. Take hearing. "Think of what the peel sounds like coming off, what it sounds like when you bite into it, when you eat it with a spoon." Mr Foster's other suggestions ignore the sensuous qualities and make more down-to-earth proposals such as: Understand your Objectives.

For those whose lives are such a mess that they need to read everything on the self-help bookshelf Speed Reading in Business (Joyce Turley £4.99) will allow you to gallop through in record time. Ms Turley is decribed on the cover as an innovator in the field of reading efficiency and she loses no time in demonstrating the freshness of her approach.

Speed Reading stands out from other self-help books in an important way, she explains in chapter one. "It's not a book simply to read – it's a book to *use*." Puzzling over this may temporarily slow the reader's progress but at only 64 pages this is hardly a tome to make heavy demands on the techniques it advocates.

Having briefly described situations in which the ability to read comes in useful – receiving memos, staying informed about world events and so on – she explains that reading more effectively can increase your income, improve your company's profits and increase job satisfaction. An important tool required for speed reading is a "pacer". The index finger is the most convenient one, she suggests. It acts as a useful discipline for our eyes which, she explains with clinical rigour, can be "jerky and lazy".

Those readers who remain sceptical of the benefits that can be gained from self-help books of this type should not forget an extremely valuable alternative role which they can fulfil at this festive time of year.

Most are packed with boxes to tick, spaces to fill in and self-assessment questions to puzzle out. If the latest board game fails to thrill, these books will provide more than enough interest and humour to compensate. Their advantage over a conventional board game is that they do not require any other players. Enjoy yourself!

All published by Kogan Page, 120 Pentonville Road, London N1 9JN

Dancing back through 1991

Clement Crisp reviews the year

It was a year of memorable performances, set against too many creations best forgotten. It was the bleak year that took Margot Fonteyn and Martha Graham from us; but a time when Darcey Bussell and Irek Mukhamedov, Ludmila Semenyaka, Altynai Asylmuratova and Thomas Edur, Stephen Jefferies and Rambert's Catherine Quinn – among others – made dancing glorious. It was the year when we saw *Winter Dreams* – but also *Cyrano*; the year of *Choreartium* from Birmingham's Royals, who had already unleashed *Licence my roving hands*. It was the year of Paul Taylor's company haunting us with *Nightshade*, and London Contemporary Dance slumming and slamming it in *Rikud*.

Winter Dreams was Sir Kenneth MacMillan's variation on themes from *Three Sisters*, and it drew Chekhovian performances from its entire cast, headed by Darcey Bussell, Irek Mukhamedov and Anthony Dowell. Other MacMillan works contributed to the pleasures of the year: *Danses Concertantes*, his first professional work, came back to the Opera House stage crackling with wit. *The Burrow*, was revived by Birmingham Royal Ballet, and reminded us that even in his early creations MacMillan found a language that could explore the psyche. *Manon* was illuminated by some of the most incandescent interpretations of the year, when Altynai Asylmuratova drew a capriciously beautiful heroine with Mukhamedov, dangerous and irresistible, as her brother. Mukhamedov – whose Royal Ballet performances have been unfailingly powerful and rewarding – then pulled off a splendid double by appearing as Lescaut to Viviana Durante's provocative, sensual Manon. Asylmuratova was later to provide a wholly Russian, and irresistible, reading of Natalya Petrovna in Ashton's *A Month in the Country*.

A spanking revival of *Scènes de ballet*, with Viviana Durante and Erroll Pickford very assured as its leading couple, came in a magnificent triple bill with *Les Noces* and *Les Biches*. This may have been caviar to the general public, who have become addicted to full-length works at the expense of the one act repertory, but the Opera House must persist with triple bills in order to show even part of the treasury of short works that are a heritage of our national ballet. The year's new three-acter, David Bintley's *Cyrano* won no praise on this page, though Stephen Jefferies was superb in revealing the poet's soul behind the nasal bombast.

The conversational intimacies – and the other intimacies, too – of William Tuckett's *Present Histories* did not seem well conceived for the Opera House stage, even with Darcey Bussell moving through them. Miss Bussell gave us a wonderful year, and triumphed at the Paris Opera in a series of gala performances. The notoriously partisan Paris audience took her to their hearts. Her radiant clarity had the true Balanchinian inevitability in *Agon* at Covent Garden (with Eddie J Shellman her splendid partner), and in the sunburst of *Symphony in C* which arrived to dazzle us in the Royal repertory. And as a pendant to the work at the Opera House, some of the year's most pertinent dance came from Jonathan Burrows with his Royal Ballet colleagues in the complete *Stoics*. Burrows is concerned with life's indignities and its frustrations, and the sometimes insane humour associated with hurt. A friend, lately divorced, said to me: "My marriage was like that".

It was a good year for Birmingham's Royal Ballet. Peter Wright produced an attractive new *Nutcracker* for his troupe, but three other novelties – Oliver Hindle's choreographic debut with *Sacred Symphony*, Graham Lustig's *Inscape*, and William Tuckett's abrasive *Licence my roving hands* – were outshone by revivals. Balanchine's Symphony in Three *Movements*, given with the right energy; MacMillan's *The Burrow* and his serene *Pavane* duet; Paul Taylor's *Airs*, were notable acquisitions, and the fascinating rescue operation by Tatiana Leskova which brought us Massine's *Choreartium* meant a major work of our century's dance was restored to us. Any assessment of BRB's year must gratefully record the bright and effortless coloratura, and the gently persuasive emotions, that mark Miyako Yoshida's dancing, as well as the intensity of Marion Tait in *The Burrow*, and Petter Jacobsson's classic distinction.

English National Ballet knew a difficult period of readjustment after the previous year's directoral upheavals. Much of the repertory had a shop-worn air, but a constantly redeeming feature were the performances by Yelena Pankova, Thomas Edur and Jose Manuel Carreno. Edur reasserted the traditional virtues of classical dancing in every role – not least in the company's pretty-looking but hyper-active *Nutcracker*. Carreno – Dionysos to this Apollo – was vividly in command of his repertory, and made a swaggering Petruchio in *The Taming of the Shrew*, which was not so much tamed as mugged. Koen Onzia in *Swan Song*; Josephine Jewkes in *Ann Frank* (more a good cause than a ballet) and in *Les Sylphides* with Paul Chalmer, gave valuable performances. In a welcome coup at the year's end, ENB announced that it has acquired a true prima ballerina by engaging the Bolshoy star Ludmila Semenyaka.

Northern Ballet Theatre revised its *Don Quixote* to good effect, and brought its *Romeo and Juliet* to London's version of Moscow airport, the Royalty Theatre. London City Ballet, working and touring hard – and still without proper Arts Council subvention despite (or perhaps because of) their popularity with the public – acquired Ben Stevenson's *Romeo and Juliet*, gained Yelena Pankova as a guest, and played a season at Sadler's Wells largely devoted to that well-known case of mistaken identity, *Swan Lake*. Scottish Ballet made two brief, blink-and-you-miss-them forays to London. The first was to a Dance Umbrella gala with an unlovely sample of Jiri Kylian "let's all trudge up to the back-cloth" angst; the second was no more than a night in Barking (which should be the title of a 1940s comedy film) when the company's small touring group brought a well-planned programme with, as its centrepiece, Kenneth MacMillan's hallucinatory *Sea of Troubles*, a brilliant gloss on *Hamlet*.

London Contemporary Dance Theatre, under Nancy Duncan, its new director, showed magnificent dancers in exasperating dances, with *Rikud* by Liat Dror and Nir ben Gal as my nomination for "Brute of the Year". (That the repertory provided several runners-up in this contest is sufficient comment). Arc Dance (also unsubsidised by the Arts Council) produced Kim Brandstrup's secure, expressive creations – *The Dybbuk* and *Mysteries*; while Siobhan Davies staged a new and unsurprisingly chilly *Arctic Heart*. Phoenix Dance's energy gave a shine to otherwise lacklustre choreography.

For Rambert Dance Company the year was marked by a search for a suitable London stage – vain hope in these pauperish times. Neither of the company's choices – Riverside Studios (too shallow, and impossible to get to through the hell of Hammersmith Broadway), and the Royalty Theatre – seemed a happy location for a troupe that did not know an especially happy year. Catherine Quinn and Amanda Britton gave sterling performances in everything, but two novelties – William Tuckett's *Slippage*; Laurie Booth's *Completely Birdland* – were less effective than I had hoped. Laurie Booth's own appearances, in partnership with Russell Maliphant, must count among the best things of the year, mysterious, potent.

One other new-wave dancer, Julyen Hamilton, dominated The Place in his *Friday* solo, a fifty-minute exploration of Crusoe's identity that gripped by its physical and imaginative control. Much of the other new dance that I saw was miserable, addled stuff, though Michael Clark's momentary irruptions into the maelstrom of a Stephen Petronio season showed his style still elegant and powerful.

Any list of the year's thrilling performances must include two stars of the Japan Festival: Makio Umewaka moving through Noh plays, the incarnation of hieratic art, sublime and immutably grand; and Tamasaburo in *onnagata* roles with the Grand Kabuki troupe, femininity distilled to its most potent theatrical essence. And no less memorable the cast of *Tango Argentino*, the insidious melodies and steps of the dance winding round and through the couples, binding them marvellously together.

Other visitors were disappointing. The Dutch National Ballet arrived at the Coliseum with a long, bland *Romeo and Juliet*, and were followed by the Spanish National Ballet with slick and flavourless offerings. The Edinburgh Festival – last resting place of so many of our hopes for worthwhile dance – harboured the Cuban National Ballet, which looked in poor shape, not least when providing rhubarb-ish dance to back its 70 year old *assoluta*, Alicia Alonso. Then came the Berlin Ballet, with four and a half hours of Béjart's lucubrations about *The Ring*, after which, as after the Chinese water torture, you are prepared to admit to anything – except that the choreography is worth looking at. A Berlin *Giselle* had wonderful design by Desmond Heeley and underpowered interpretation.

The autumn brought a small Russian invasion – or rather, given the rigours of Moscow life, an exodus. The young and inexperienced Moscow City Ballet proposed amateurish-looking stagings of several "classics", with hideous design. They were transformed and transcended by the presence of Ludmila Semenyaka, then on leave from the Bolshoy, who stamped every moment with greatness. Moscow Festival Ballet toured with classical divertissements, and featured Lubov Kunakova to remind us of the power of a true ballerina to rise above the commonplace of concert ballet. Vyacheslav Gordeyev brought his Russian State ballet with polished presentations and pleasing dancers, but, alas, with no repertory in which his own present abilities might be properly admired. Another Moscow troupe – the quaintly named *La Classique* – did not sustain its proposed tour, and no comment is possible.

Rudolf Nureyev made what was billed as a "farewell" tour. The event, as I saw it in the unlovely surrounding of Wembley, had a ramshackle air, but at least allowed us to see Evelyne Desutter and the Bolshoy's Andrey Fedotov. Other dancers ranged from the interesting to the ludicrous (a swan *died with every symptom of delirium tremens*), and Nureyev wisely restricted himself to roles that do not strain his present competence. To Sadler's Wells came Trisha Brown with dry dances, and Paul Taylor with juiciest movement, strong dancers, a fascinating repertory, and unfailing dynamic and theatrical excitement.

The Royal Danish Ballet made history by inviting Queen Margrethe II to provide lively, idiomatic designs for that most essentially Danish of Bournonville's works, *A Folk Tale*. The Paris Opera Ballet made history, after a fashion, by providing leaden and unidiomatic Breton designs for *Giselle (or Down among the dolmens)*. Paris is effortlessly the dance capital of Europe, with a wonderful variety of performances in no less than five major houses, and with an audience willing to sample every kind of programme. (William Forsythe's anxious, vehement work for the Frankfurt Ballet has found a second home at the Théâtre du Châtelet, where it is greeted with hosannas in which I find it difficult to join). But then, of course, dance is recognised in France as a serious aspect of national culture and national identity. Funding is generous, and though this small pink corner of *perfide Albion* may mock at the pretensions of French modern dance (while adoring French ballet), the promoting of dance is a matter of pride throughout the country, and makes it a vital aspect of the nation's cultural life. How very unlike the home-life of our own dear companies.

Alastair Muir

Irek Mukhamedov and Darcey Bussell: two bright Royal Ballet stars in Macmillan's 'Winter Dreams'

Something completely different: 'Tango Argentino'

The Ghosts of Versailles

METROPOLITAN OPERA, NEW YORK

John Corigliano's first opera, *The Ghosts of Versailles*, which had its first performance at the Met last Thursday, is the first new opera the company has done in nearly 25 years – since Marvin David Levy's *Mourning Becomes Electra*, with Evelyn Lear and Marie Collier, in 1967. *Ghosts* was a triumph with the public, a success with the New York press, and a sell-out at the box office. Seven performances are scheduled; the opera is being taped for television; and Chicago will be doing it next.

I have mixed feelings. Pro: it is heartening to find a new opera greeted with a standing ovation. Corigliano is a deft, clever composer with his heart in the right place, and a master orchestrator. The libretto, by the playwright William Hoffman (*As Is*), is intricate and interesting, and has a serious subtext. The performance – conducted by James Levine, produced by Colin Graham, and designed by John Conklin – was as good as can be.

Anti: the details of the libretto are confusingly and clumsily worked. The music, however skilfully, treads such safe, unadventurous, familiar paths, and some of the jokes are so crude or obvious (a Valkyrie strides on crying that German opera is the only true opera), that the Met audience may well be confirmed and reinforced in its deplorable notions of "what opera is".

When Levine suggested the commission, back in 1979, Corigliano said he wanted to write an opera buffa. Levine said the Met was rather a big place for that. The idea of a "grand opera buffa" was born, and *The Ghosts of Versailles* is a big piece, with 12 principals and 20 more solo roles, with both stage and pit orchestras. The two acts last about 90 and 80 minutes.

Corigliano and Hoffman chose *La Mère coupable*, Beaumarchais' third Figaro play, as their subject. When they looked at it more closely, they had second thoughts. (Grétry and Britten both considered and then dropped it; Milhaud set it in 1956.) A new drama resulted, in which elements of *La Mère coupable* provide an opera-buffa-within-an-opera-seria.

In the theatre at Versailles, the ghosts of Louis XVI and his court assemble. Beaumarchais offers them an entertainment, his new opera. Beyond that, he says that his opera has the power to change history; Marie Antoinette, with whom he is in love, will not go to the guillotine; the Revolution will not take place; a new age will come into being. (This sounds muddled, but so is the libretto.) He borrows the Queen's diamond necklace, as a means to effect her escape from prison. We see it next (on the stage within a stage) in Count Almaviva's hands. Figaro steals it and, like a good revolutionary, refuses to relinquish it when he learns that it will save the Queen. In doing so, he departs from the role Beaumarchais assigned him. The furious playwright, followed by the other ghosts, enters his play to confront Figaro, and they all enter "history".

Figaro witnesses Marie Antoinette's trial and is moved to pity. He relinquishes the necklace – but, confusingly, to the villain of *La Mère coupable*, Bégearss, who claps the Almavivas into the prison where Marie Antoinette lies. By comic ruses they escape, but the Queen refuses to leave and accepts her fate. She realises the depth of Beaumarchais' love for her, and in the gardens of Aguas Frescas, or in Paradise (the score and the synopsis differ), their shades are united.

Graham expresses the subtext thus: "Without concern for others, there can be no resolution of your own problems or desires; without forgiveness there is no being forgiven; without self-sacrifice there can be no salvation." It is an allegory for our time, he says. Hoffman (who seems to be something of a Royalist and slants the depiction of the Queen's trial) calls the piece an opera about revolution, "that most current of events," and reconciliation.

Corigliano uses three main kinds of music. For the ghosts: whisps, drifts, clusters, webs (like those Ligeti and Penderecki used to spin) close-woven of lapped rows. For the Figaro characters: Mozartian or Rossinian pastiche, pop-tinged, with specific allusions, and other allusions to the standard repertory. For the romance: music that recalls sometimes early Britten but more often late Strauss, with voices lapped in slow melody over slow-moving harmonies. The sentimental, "nostalgic" *Fortspinnung* of some numbers goes on too long, and with less than Straussian distinction. Both score and text would profit from keen editing.

Teresa Stratas, still clear and full on high though faded in the lower register, was a moving Marie Antoinette. Marilyn Horne revelled in an eight-minute spot (unrelated to the plot), parodying the wails and wandering arabesques of an Egyptian night-club singer. Gino Quilico was a bonny Figaro, Ha°kan Hagega°rd an earnest Beaumarchais. The other principals were Renée Fleming (the Countess), Judith Christin (Susanna), Stella Zambalis (Cherubino), Tracy Dahl (Florestine, the Count's illegitimate daughter), Graham Clark (Bégearss), Wilbur Pauley (his servant), Peter Kazaras (the Count), and Neil Rosenshein (Léon, the Countess's son by Cherubino).

The staging, the sets, and the costumes were lavishly inventive. The show apparently cost millions.

Andrew Porter

New grant from Pools association

The Foundation for Sport and the Arts – established by the football Pool Promoters Association – has announced a second round of grants totalling £9m. Of that total, £3.7m will go to organisations in the arts sector.

Aberconwy Borough Council in North Wales will receive £500,000 towards the cost of building a new theatre in Llandudno. Welsh National Opera gets £160,000, the London Symphony Orchestra £68,000. In this, its first year of operation, the Foundation will be given £40m via the pool Promoters Association. A further £20m is being made available by the government from a 2½ per cent cut in Pools Betting Tax.

Monsters, myths and works of war

William Packer on artists Leonora Carrington and Richard Eurich

We are inclined to be too much preoccupied with the young while ignoring older, richer, more subtle reputations. The loss is our own, and now two current exhibitions point the mistake to a nicety. Yet, even so, the visitor leaves the Leonora Carrington retrospective exhibition at the Serpentine Gallery (Kensington Gardens W2, until January 26, then on to Preston and Bristol: sponsored by Rockwell Graphics and the Elephant Trust) with mixed feelings.

Carrington is now 78 and has spent her adult life abroad, the better part of the last 50 years in Mexico. She has seldom shown in England, even in group exhibitions, and this is apparently her first proper show in London. And, like anyone who comes to us more by reputation than in the substance of the work, perhaps the circumstances of the life takes on too much importance. With the surrealists, that rackety lot, this is especially true, and Carrington, convent girl and debutante that she was, would seem indeed to have led a fully surrealist life.

There is nothing wrong in that, the only difficulty being that such impeccable surrealist credentials as hers – associate and friend of Ernst, whose portrait she painted, of Eluard, Penrose, Breton, Edward James the great patron of surrealism – may lead us to lay more weight upon the work than it can bear. Surrealism is naturally a literary genre, the work readily tending towards illustration, and Carrington's literary influences are manifest: myth; legend and fairy story; psychoanalysis; Shakespeare; Graves's *The White Goddess*; *The Tibetan Book of the Dead*; the paintings of Bosch and Breughel. She has indeed produced a quantity of illustration and design for the theatre. Latterly feminist criticism has caught up with her.

Taken at its more modest level, however, the true charm and point of the work comes through. She is no great painter as such, the paint thin on the surface, the line spidery and effete, the image left to carry the whole thing. And yet we are still drawn in to the magical and mysterious private world of her imagination, with its monstrous beasts and hybrids, witches and demons, ghosts and spirits, all suffused by a curiously delicate romanticism. In this respect, she remains unexpectedly English, a neo-romantic. The formal sympathies in her work for such artists as Klee and Cocteau are clear enough, yet we find ourselves thinking quite as much of Michael Ayrton or Mervyn Peake.

It is a case of getting rather more by expecting less. Leonora Carrington's work stands well enough on its own terms, and this retrospective, long overdue, is, in its own entirely idiosyncratic way, delightful.

★

With Richard Eurich, whose work for the War Artists Committee during the Second World War is now on show at the Imperial War Museum (Lambeth Road SE1, until January 12: catalogue sponsored by The Fine Art Society), there are no misgivings at all, but only a resigned dismay at the unconscionable official neglect of a remarkable artist – the Imperial War Museum an honourable exception. Eurich, it must be said, is represented in any number of public collections, including the Tate, but representation is one thing, recognition and celebration of achievement quite another. He is now 88 and a major figure in a generation given a particular creative opportunity by the chances of war-time patronage – Edward Bawden and Edward Ardizzone come to mind in the same case. When was he, and artists like him, last included in any major survey of British art in the 20th century, or offered a retrospective at the Hayward, the Tate, or even the Serpentine?

From Dunkirk to D-Day is the exhibition's title, which explains itself well enough in general terms. But Eurich was unusual as a war artist in that he settled to subjects on the Home Front only to propose something altogether more active and epic. But he was not sent on active service, as were Bawden, Ardizzone and so many others, to witness the war at first-hand, but worked largely from secondary sources, photographs, maps and topographical and technical notes.

It is a measure of his extraordinary imaginative achievement that the fidelity of his work so seldom comes into question. For all the grand sweep of his compositions and the necessary formal devices of narrative painting, we never doubt that he knew just what he was about. The telling details, the push-bikes abandoned in the Dunkirk sand-dunes, the pitiless seagull perched with the survivors on the upturned boat, the explosions, the cliffs looming above as the raids go in at Vaagso, Bruneval and Dieppe, all ring true. This of course is entirely legitimate within the great tradition of history painting, but we have grown so used to the documentary-maker on the spot, painter or photographer as he may be, that we forget to make due allowance for such remarkable leaps of the creative imagination.

There have been few better painters of the sea and ships, certainly in our time, which subjects largely occupied him in the intervals between those epic considerations. Even then the epic narrative continues, whether by discreet implication in the images of quiet preparation for war in rural boatyards, or more openly in the paintings of the air-raids on Portsmouth.

Eurich is a deceptive painter, austere and tightly disciplined in his physical handling of the paint, and yet romantic and humane in his personal vision. He has been too long neglected.

'The Inn of the Dawn Horse (Self Portrait)' by Leonora Carrington, 1936/7

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Tuesday December 24 1991

Stopping war in Yugoslavia

YESTERDAY, Germany became the first European Community country to recognise the independence of Slovenia and Croatia. As a result, Yugoslavia, in effect, ceased to exist.

Germany's decision to recognise these two republics before January 15 – the date agreed by EC foreign ministers so as to give time for republics seeking recognition to meet certain criteria – means that EC unity on foreign policy has been fractured; the cost of this is not at this stage countable, but it may be high. Since Germany has also recognised a Croatia which is in a state of war, is not in control of its borders, and cannot guarantee the security of its Serb community, it has also created an untimely precedent by setting new standards for the recognition of states, which will prove relevant elsewhere in eastern Europe.

For all their frustration, Germany's EC partners also know that Bonn's decision is entirely consistent with its longstanding policy on the Balkans. For months Mr Hans Dietrich Genscher, Germany's foreign minister, has said it would recognise Croatia before the end of the year. Germany never doubted that Serbia was the aggressor, that Croatia was being militarily occupied, and that a part of the republic was being destroyed.

Shapeless policy

Emotions were heightened by the presence in Germany of a sizeable Croat catholic community and the close ties many Germans feel with a country familiar from holidays, not to mention their country's close historical and economic links with Yugoslavia. With the waning of US influence in Europe since the end of the cold war, Germany has felt increasingly strongly that it must take the lead in shaping the EC's and in effect the west's often shapeless policy. The war in Yugoslavia confirms Germany's *entrée* into this arena.

With self-assertion, however, comes responsibility. Germany must now start to analyse what recognition means, and how the fighting can be stopped. Above all, it must avoid fuelling Croat illusions that recognition will provide *carte blanche* for the republic to arm itself in order to regain the third of its territory now under the army and Serbian control.

Such a development could lead only to the escalation of the war to other republics, particularly Bosnia-Hercegovina. Indeed, Croatia has been anxious to open up a second front in Bosnia, in order to prevent the army from consolidating its grip over eastern Croatia. If the fighting is to oe contained, two things must happen: an *erosion of the fire-power of the* Serb-dominated federal army and the curbing of Serbia's territorial ambitions. Neither objective will be easily attained; Germany should now lead its EC partners towards a serious attempt.

Economic strain

Although Germany is not a member of the UN Security Council, Bonn, and the EC, must move quickly to persuade the UN to send a substantial peace-keeping force to Bosnia, as that republic has itself requested. All the federal troops being withdrawn from Croatia are sent to Bosnia, which is suffering consequent economic strain, not to mention the political balancing act of preserving unity between its three ethnic groups. Bosnia is also the manufacturing base for the military machine. From there, Serbia and the army can launch attacks into Croatia. That is why Serbia and the army oppose an independent Bosnia.

A UN presence should be coupled with UN and EC negotiations to address the status of the federal army. The end of Yugoslavia has left an army without a state, without a budget and fighting for its survival. The army is a big part of the problem, but is also a necessary part of any solution. The west needs to offer to finance the demobilisation of the army, with suitable pensions for its officer class. Failing that, the army will remain the powerful, and destructive, *military force* feared by the republics and some neighbours. A neutralised army could also be a first step towards weakening Serbia, and regaining Croatia's territorial integrity.

Following the German suit

TO FOLLOW or not to follow, that was the question. It was a question that could have only one answer. All the interest rates of currencies within the exchange rate mechanism have followed the Bundesbank's lead, except for UK's, whose government is hanging on to a 10.5 per cent base rate by its fingernails. At such times, people dream of realignments. But if lower interest rates are what they seek, such thoughts are pointless. What is needed, instead, is modification of the European Monetary System in the period leading to economic and monetary union.

That the German interest rate increase was economically inappropriate for the rest of Europe is evident, especially when it was so promptly followed by the one percentage point cut in the American discount rate. Short term real interest rates in France, for example, are now around 7 per cent, a frightening level for an economy struggling with high unemployment and low economic growth.

Nevertheless, a general realignment would not lower interest rates in the rest of Europe. The rate of interest of a given currency can be below that for the D-Mark only if the currency in question is confidently expected to appreciate against it. But there has not only never been a revaluation against the D-Mark within the ERM, but it is virtually inconceivable that the German authorities would permit one. Interest rates – both short and, still more, long term – cannot for long (and will never be much) below those of a currency that is never expected to devalue against the others.

Competitiveness

The benefit of realignment would, therefore, be that of increased competitiveness, with that gain offset by somewhat higher inflation and, almost certainly, by higher interest rates as well. But experience with the effects of the post-unification surge in German demand upon the rest of Europe suggests that enhanced export opportunities would normally fail to offset the cost of higher interest rates.

Realignments should not be ruled out for all time. A final adjustment for those currencies that will meet the Emu criteria, but as close as possible to the start of stage 3, might make sense. The interest rate cost of such a realignment could be small, but only because it would be seen as the last one. Meanwhile, the competitiveness gain for countries that have had to suffer substantial real exchange rate appreciation as the price of convergence on inflation would be substantial.

Vulnerability

The immediate question is how to manage the ERM over the period of vulnerability that lies ahead. The most important step would be to make German policy-making more sensitive to European monetary conditions, by increasing the weight of other central banks in European policy-making.

The independence of the other national central banks should be brought forward to the earliest conceivable date. Once they are independent from political control, they might, for the first time, be viewed by the Bundesbank as credible interlocutors. The commitment of member countries to Emu could also be greatly enhanced by further narrowing of bands. Recent experience demonstrates that countries do gain modest independence from broad bands, but that there is little benefit in the fluctuations allowed by the narrow bands. These could well be eliminated.

Once the others have made these changes, the Bundesbank might be prepared to consider modifications to the rules of the ERM itself. The structure of the system is asymmetrical at present, since the D-Mark never reaches its ceiling before others reach their floors. There is a case for greater symmetry, but only if all participants share the Bundesbank's fundamental objectives.

People should forget the idea of realignment. What is needed, instead, is a more symmetrical ERM, but one whose foundation stones are independent central banks, each committed to price stability. As for the UK, it is, as usual, an outsider in this debate. It may even manage to avoid the general interest rate increase. But neither Mr Major nor Mr Lamont can count on it.

David 'Tolkien' Marsh tells of Helmut the hobbit and his Mark

Lord of the Coins

The morning sun gleamed coldly bright in a rain-washed sky. Helmut shivered as he pulled on his jerkin and tightened the leather belt. Patting involuntarily a weather-stained pouch, the hobbit was momentarily comforted. Close to his skin for many weeks he had carried the metallic Mark, wrought with ancient skills and sustained in the furnaces of his people's industry. The device had not strayed from its holder during the night now passed.

Round-faced he was like a good number of his folk, and thick of waist; for hobbits – fond as they are of songs and simple jest – are gladder still to have before them food and drink, and like nothing better than six meals a day. Yet a strain was upon Helmut's countenance, and his frame had grown thinner. Of a peril and an urgency unsurpassed in fantasy was the errand on which he was embarked: to take the thing most precious to the Shire, and to destroy it in the Fires of Mount Berlay, far to the north, the realm of Deloron, of whom few now speak without a shudder, and none without awe.

Seized by sudden desire, Helmut drew out the coin. Forged it was of dull mineral, and hard in his grasp, and clean and smooth to behold. Yet as he placed it in his palm, the ore did glimmer, and the Runes upon its surface became burnished, and blazed aflame. For he who was versed in elven lore, the fiery letters could be discerned:

One Mark to rule them all,
One Mark to find them.
One Mark to bring them all,
and in the darkness bind them.
In the Land of Bubank, where
the Shadows lie.

Stirred as if by some far-off memory, Helmut sighed. Hastily he stowed away the disc before his retainer Genschee scurried up with the breakfast utensils. Mushrooms were prepared, their scent rising into the trees.

Helmut thought back, to his boyhood long ago. Only now did the significance of the premonitions of Uncle Adenau become clear! The founder of the Shire had survived the Great Torment and brought his people to prosperity and had lived even by hobbit reckoning to an improbable number of years before he had so mysteriously disappeared. In the coming Re-Ordering of Middle Earth, so the sage old hobbit had foretold, the Shire would again be One. But the Mark, the Symbol of Sovereignty, would become of a mightiness such that Men *beyond the borders would both* yearn for and fear it, and would be consumed in passion.

Since the Re-Ordering two years before, Helmut pondered, the lands to the East of the Shire had indeed been riven by tremors and dark tidings. Of his friend Gorbi the Dwarf no news which was not ill for months past had come. His throne was broken and Eltsinn, it was said, would now rule. In the eastern Shire, there roamed Orc-bands, foul-mouthed and shaven-headed, beating the smaller hobbits from across the Ocean and assailing the wardens assigned to protect them. As for the Mark, it was strong, and

desired by all. For it alone imparted power. Adenau was right: it must be sacrificed!

Helmut shivered again, and reflected on his experience before the Congress of the Elders, at the Round Hall on the Maas River a fortnight before. The Men-Kings of the West and South, Mittersh and Andretton, rulers of proud and courtly bearing, whose tongues he admired but could only indistinctly comprehend, had thus decreed: the Mark must be sundered in the Fires of the North. From its fragments, the New Prize of Middle Earth, the Ecu, would spring! Dismay was in Helmut's soul on hearing the ruling. But learned enough in Knowledge was he to realise: reluctantly he must obey!

The recollection saddened him anew. Genschee deadened the fire – cautious lest the wisps of smoke be seen by watchful eyes – and scoured the pans with fresh water, and saddled the ponies. In silence they set out into the grey of a morning from which the night-mist would not lift during long hours ahead.

Far to the South, in the many-windowed Tower, the power of Bubank was already aroused. It sent forth its searchers and its servants ceaselessly and unyieldingly, seeking that which had been lost – and which it vowed to find again! Like the aching scar of an old knife-wound, Helmut felt the pull. The pouch seemed ever heavier, like a mill-weight, drawn to its Masters. All the countryside was seared with alarm. The 16 Black Riders from the Council of Bubank, terrible of demeanour, were abroad, reclaiming what was theirs: "The Mark, the Mark!"

The small folk in the byways and riversides scampered into their cottages and their holes, and even the woodland creatures did cower. All at once, the ponies stumbled, and Helmut was unseated. Genschee was flung aside, his packages of victuals dispersed into the undergrowth. Helmut sensed the thrall of the Riders and *their chill breath and was* beset by an exhaustion which wormed numbly into his bones. "Go back!" he cried weakly. "Go back to the Land of Bubank, and trouble me no more!" His voice sounded thin and shrill in his own ears. His foes laughed – a laugh more wan than solitude, more deadly than sin. "The Mark, the Mark!" they hissed. "Come with us – Ecu shall not be!"

Suddenly, there followed a rush and a confusion and a whirl of hooves. Majorier, the Grey Warrior from across the Water, was in their midst! Great was his anger and stout was his staff. His sword Sterling, notched and bloodied with the scores of the past, but mighty still in the minds of Men, smote the air. Amid the tumult, Helmut recalled their parley in the Round Hall two weeks earlier. If only he had heeded Majorier's offer, and taken as companions the two faithful Elves Optinin and Optinout, the danger on the road could have been averted!

*The Chief Rider of the Bub*ank, helmeted and visored, strode grimly forward. From his great scabbard he drew forth Lombard, that most fell of weapons, and raised it high, and the firmaments in the Old and New Worlds flashed with fierce ciphers and dread numerals, and all were sorely afraid. "Now I understand!" muttered Majorier. "Sterling's Bane! Many shall Work no more!" *The Grey Warrior's* staff broke asunder and Sterling fell as its elven bands were burst and the lands all around shook. "Fly, you fools!" shouted Majorier, summoning Optinout with his bow to his side, and the night was filled with the lightning of their wrath and the force of their flame. Helmut crept away into the darkness. But the burden in the pouch weighed not lighter, and his forebodings were not stilled.

On wound the road though land wide and empty and mournful, affording neither succour nor comfort for the weary hobbits. Helmut and Genschee passed through Deloron's Gate in the foothills of Berlay and they knew that their journey would soon end. The mountain's sulphurous fumes issued stronger as they toiled upward. To lighten their load, Genschee cast away all but his trusty potato-peeler and a few packets of pipeweed for himself and his master. The Crack of Doom was near, into which the Mark must be flung for the Ecu to arise!

Wretched and in great need, Helmut heard the click of high-shorn heels behind a tufted outcrop on the bleak rock. The Lady Thatcheriel had pursued them unbeknown! More haggard was she than on their meeting moons ago in Finchley Wood, and crueller were her eyes, yet still was her hair woven and lustrous and her voice musical, though deeper than woman's wont and telling of much strife. "Don't throw away your Sovereignty!" she cried. "Give *me* The Precious!"

But as she grappled for the Mark and clasped it in her hand and claimed it for her own, she toppled over into the Crack and her shriek "I told you, Helmut" was but an echo from the chasm far below. And there was a roar and a river of fire. The Summit of Berlay erupted and heaved. Far away *the foundations of the* Tower of Bubank did tremble and its battlements were despoiled and the Riders cast down and their power extinguished.

There burned both trouble and rejoicing in Helmut's heart. The Quest was achieved. But the Mark was disappeared and the Age of Stability would be no more! He gazed at Genschee and they turned their feet not homewards but towards the Grey Havens and were gone. Though folk tell tales of them still by the hushed glow of firelight, and gaffers in the crofts croon songs of their doings, never again were they witnessed, not by hobbit nor by Mortal Man.

God's gift to mankind

By Dr George Carey The Archbishop of Canterbury

A couple of weeks ago we had a family outing to France. A day trip across the Channel is one of the many good things that comes from a home in Canterbury. Outside Boulogne we decided to do some shopping at an enormous supermarket where we found what seemed like thousands of other Britons doing the very same thing at the same hour. But I was a bit troubled by the experience. It was the sense of all of us jostling to get our supplies, as if we were all about to undergo a siege, which made me uneasy. Human beings as consumers are not at their most attractive.

The following day, a Sunday, I was on my way to Sandhurst College to preach, when we passed a big supermarket with many people waiting patiently for the store to open. A colleague with me sniffed with disapproval and muttered: "Would you believe it: they have six days to shop and they have to do it on Sunday."

Both incidents made me ask: what has this to do with the meaning of Christmas? At one level they seemed the ultimate expression of a post-Christian society in which the substance of the festival has been lost and the eating and merry-making have taken over. Yet that simplistic response does not satisfy me. I began to ask myself the question in reverse: what has the real meaning of Christmas to say to us today?

First, we need to avoid thinking that lamenting the worst excesses of consumerism somehow devalues the importance of wealth creation. In a recent address to the Per Cent Club (part of Business in the Community) I said that Christians have not always supported the wealth creators as much as we should. We have sometimes been churlish about recognising the value of business and the competitive instinct. Wealth does not grow without work. It is created by imagination, risk, skill, competition and labour. Good ideas, hard work and ingenuity are in the long run rewarded – and rightly so. These are God-given talents being put to use.

Human ingenuity combined with the resources of the earth provide all sorts of blessings. And that is something our wealth creators need to hear because we are still experiencing the effects of a recession which has sent many a business into bankruptcy.

But wealth does not exist separately from human values and aspirations. And that is where Christmas comes in. My favourite Christmas verse has little to do with shepherds, angels and wise men. It comes from St Paul who said simply about Jesus Christ: "He who was rich for our sake became poor." Here is the ultimate in wealth sharing. God's riches in Christ are shared – for our sake. God does not hoard his wealth of love and goodness. He puts it at our disposal. That is the essence of Christianity. When we strip the rhetoric and look beyond the sentimentality of some of the Christmas carols, we come to the shocking truth that God loved humanity so much that he became one of us. For our sake.

God puts his greatest treasure into near bankrupt human stock and injects his capital into our company. His generosity is staggering. None but a gracious God would think sinful humankind a wise investment.

What has this message to say to us today, particularly in the City? First, wealth uncontrolled by an ethical concern runs the risk of selfish destructiveness. At our best, we live for the sake of others. That must be the aim of business ethics as well as our personal morality. Service, not exploitation, is the foundation of the most successful businesses.

Second, the creation of wealth must be subject to law and never above it. I recall that Thrasymachus in Plato's Republic claimed that "might is right". But no government, no company, no business, no individual should claim to be above the law or should ever seek to circumvent it. My concern about Sunday trading is not about getting people to church. It is about preserving a day of rest, an idea not restricted to Christianity.

But now there is an added problem. Some companies are deliberately breaking statute law because it serves their interests to do so. The implications are serious. Do we choose which laws we like to obey? Does it make joy-riding less likely when youths see big business getting away with illegal acts just because they are powerful or claim that the law is in need of reform? There is no generosity of spirit in this attitude. That's why it sits so uncomfortably with Christmas.

This brings me back to the message of Christmas. God's generosity "for our sake" is seen in the gift of Christ. The Christmas ethic is that he who was rich for our sake became poor, and all that I most value about life flows from it. Christ redeems a selfishness which has the capacity to tear individuals and society apart.

He became poor. For God, the poverty he took on was the poverty of human nature. Compared with the God-head this was poverty indeed. But in doing this God made us rich. He bought the unsound company and turned it round.

That's why the message of Christmas still needs to be heard. There is no message more relevant to our age; no person more contemporary than Jesus. A Christian culture is still worth our best efforts. I shall continue to seek to maintain all that is best in it. I hope you will too, and I hope you will have a most enjoyable and merry Christmas – celebrating the generosity of God.

OBSERVER

Shrinking membership

■ What have the following got in common: Blue Circle, Courtaulds, GEC, GKN, ICI and Tate & Lyle? And why should the bosses of Blue Circle and GEC be more worried than their *opposite numbers at Court*aulds and Tate & Lyle?

All six companies are original constituents of the FT Ordinary share index, better known as the FT-30 club. It tends to be overshadowed by *the FT-SE 100 these days, but* the membership list of the 56-year-old index is worthy of study, if for no other reason than that it highlights the limited life of so many famous names.

*Who, for instance, remem*bers Bolsover Colliery, Fine Spinners and Doublers, Pinchin Johnson, or Murex? Some originals, like Vickers and Rolls-Royce, still soldier on, but fell out of the index when they hit hard times. Others such as London Brick, Imperial Tobacco and Dunlop Rubber, have been snapped up by predatory new members such as Hanson and BTR.

British Leyland lost its place *after the 1974 recession, but* it was a relative new boy as were John Brown and Tube Investments – dumped after the early 1980's shake-out. Last month, another FT-30 founder member – Hawker Siddeley – was swallowed by BTR.

Which of the remaining half dozen founder members will no longer be in a position to pay their club fees after the current shakeout? Blue Circle and GEC need watching, on the basis of Observer's superficial research, since their shares are more lowly rated in the current recession, than in the last. Talk of the end of hostile takeovers is bunkum, witness *Hawker Siddeley's* swift demise.

Tate & Lyle and Courtaulds, by contrast, are in better fettle reflecting the substantial transformation of both companies under Neil Shaw and Sir Christopher Hogg. GKN and ICI, another couple of old stagers, are coping better than in the last recession, but have yet to prove that they have the staying power for another *50 years in the club.*

Betting slip

■ Fancy an election longshot? The conventional wisdom is *that John Major cannot delay* the general election date beyond the May 7th local elections. But some of those in the know in Whitehall are now taking seriously the prime minister's public protestations *that if necessary he will hang* on until July 9th. The depth of recession and the threat of another interest rate rise has prompted insiders to shorten the odds on a late June or early July poll from 20:1 to 4:1.

If base rates do go up again those odds will shorten.

Liverpool sound

■ Liverpool can hold its head *up high again.* At least, the business community thinks so, for next week the local Chamber of Commerce and Industry drops the Merseyside tag and puts Liverpool back in its title.

Only five years ago many companies on Merseyside wanted to dissociate themselves from the city as much as they could. Most manufacturers are outside the city boundary in Knowsley, St Helens and Wirral, but have Liverpool postal addresses and postcodes.

Many wanted a change of address so as not to be thought of as having anything to do with *Liverpool, where the Mili*tant Tendency had plunged the city council into seemingly perpetual budget crisis and an image of near-chaos was abroad.

This year the council's mod-

"I hear there's no Father Christmas"

erate Labour leadership put *its foot down, took on the town* hall trade unions and cut 3,000 jobs. Seven months of strikes may have damaged finances through delaying debt collection, but the smack of firm government may be starting *to reform Liverpool's image.*

Marshall who?

■ Poor old Lord Marshall of Goring, the father of Britain's nuclear power industry. Two years after he fell out with the British Government over electricity privatisation, his reputation has suffered another humbling setback.

As executive chairman of WANO, the World Association of Nuclear Operators, Marshall's job is to make sure that every nuclear plant operates to an internationally agreed standard of reliability and *integrity. In the nuclear-pow*ered City of Toronto to collect an award recently, Lord Marshall was interviewed by a local journalist.

The non-nuclear hack mistook Lord Marshall's glow for someone else's, and the subsequent column refers to Britain's number one nuclear lord as Lord Maxwell - no fewer than seven times.

Fantasy game

■ How does a 41-year-old ex-tax inspector, who runs a company called Games Workshop and employs a white dwarf as his main marketing tool, make sure that his fickle teenage clients stay loyal?

"Very simple", says Tom Kirby, who has just completed a £10m management buy-out of the company responsible for Warhammer Fantasy Battle, Space Hulk, and other blood-thirsty products. He and his 240 staff like nothing better than trying out a new fantasy *game, complete with miniature* figures and complicated strategies. "If it passes the woaarrgh... test, then we know we are on to a winner".

It has proved a successful formula to date. With pre-tax *profits of around £2m on sales* of £11m, Games Workshop has sailed through the recession. Its products are promoted through the 73,000 a month magazine, White Dwarf (price £1.95), and a chain of 40 exclusive stores.

Nevertheless, it might be sensible if Bank of Boston, Charterhouse Development Capital and the other backers of the buy-out did not boast too much about financing the world's biggest maker of fantasy games. Imagine the headlines if this venture went wrong.

Fishy business

■ Latest news from the black market. Contraband caviar is turning into a serious problem for French customs as the more entrepreneurial Russian *emigrés realise that a stash* of shiny, black fish eggs can ease their arrival in the west. Customs officers at Metz, on the German border, have confiscated ten times as much caviar this year as in 1990.

od's gift mankind

Dr George Carey ... chbishop of Canterbury

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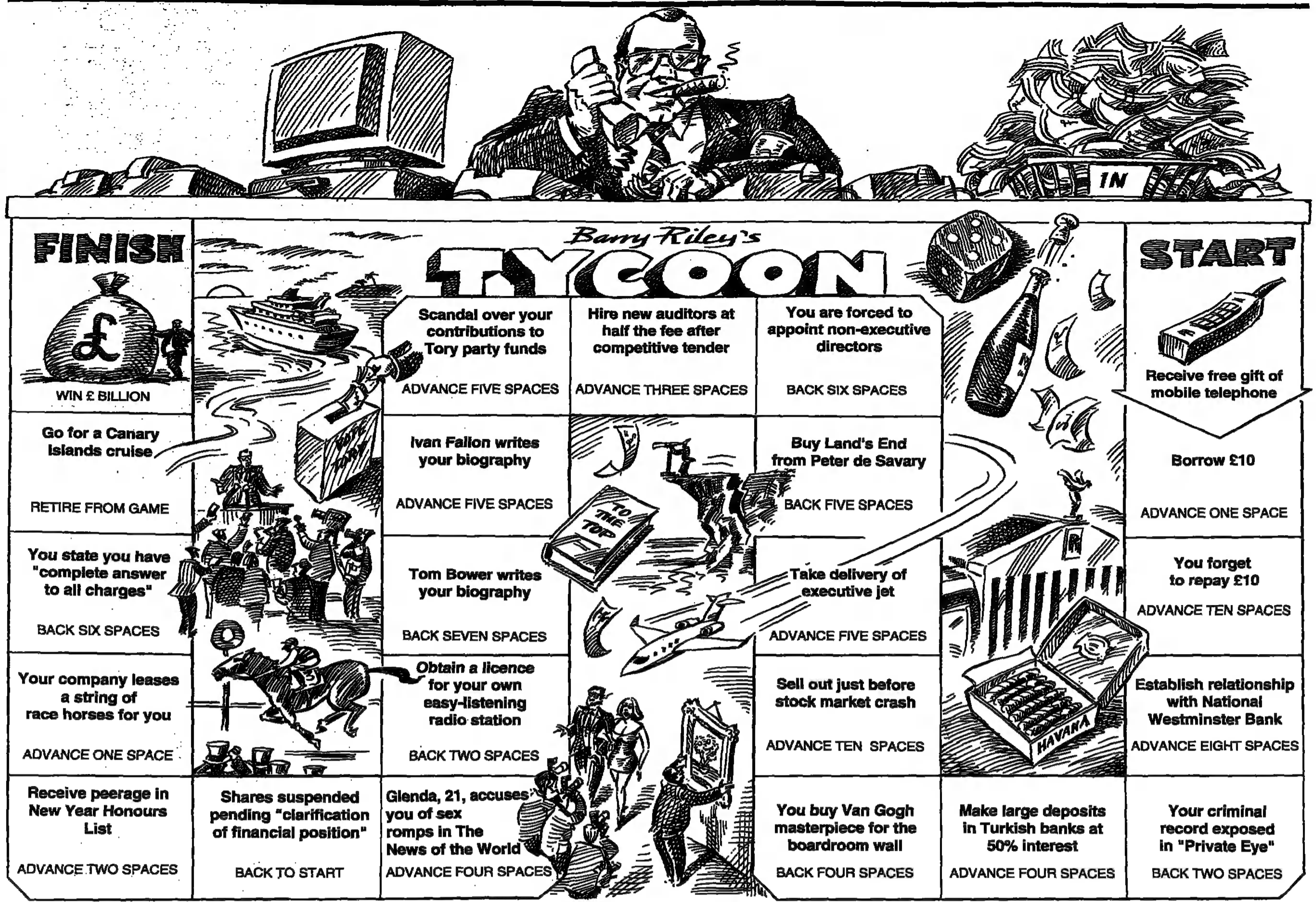


LETTERS

Regulatory threat to water management

From Mr Roy Watts.

Sir, There was one aspect Richard Evans did not cover in his interesting article on the impact of regulation on the water industry ("Business and the Environment", December 18). This was the likely effect of increased regulation on the talented people attracted to the water industry by privatisation, and who are now rapidly rebuilding the country's water system.

Harnessing this talent with the industry's existing professional and technical expertise is producing a powerful combination. It would be a tragedy if this movement was discouraged.

Our managers are instructed to produce results and to excel. If their achievements are to be diluted by the regulator the customer will not gain, he will lose.

This is a long-term industry requiring long-term solutions. Short-term, detailed regulation will help nobody.

Roy Watts,
chairman,
Thames Water
14 Cavendish Place,
London W1M 0DJ

Is DM at upper limit, coming down, or not in ERM at all?

From Mr Ade Onigbanjo.

Sir, Is the D-Mark really in the ERM? On the face of it this is a ridiculous question, but it has become relevant with the recent rise in German interest rates.

Since all the currencies in the narrow band are supposed to have upper and lower limits, can it not be argued that an increase in DM interest rates that pushes the other currencies towards their respective floors really means that the DM has reached its own upper limit and should come down, rather than every other country being forced (like the flock of sheep recently referred to by an ex-prime minister) to increase interest rates?

Or is it the case that since all currencies are measured against the DM, the level of the DM is never taken into account?

Ade Onigbanjo,
39c Woodville Road,
Thornton Heath,
Surrey

Phasing out

From Mr Roland Freeman.

Sir, Having advocated in your columns the partial abolition of stamp duty on house purchase (Letters, October 23) I am delighted that the chancellor has taken this step. However, action is now needed.

Mr Lamont should now consider increasing the tax relief ceiling on mortgages for first-time buyers to £50,000, but limited to, say, six years. That incentive could provide the kick-start to the housing market which is so badly needed. Once market conditions have markedly improved, tax relief for those of us who are not new buyers could be gradually phased out. The money saved should be spent on helping the homeless and building homes to let at affordable rents.

Roland Freeman,
28 Bedwin Street,
Salisbury, Wiltshire

Australia: problems date from 1972 and solution lies in a changed attitude towards work ethic

From Mr Peter Frankel.

Sir, I think there are two misconceptions which have to be rectified in your otherwise excellent report on the change of the prime ministership in Australia ("The magic wears off", December 13).

The current account and foreign debt problem did not develop in 1989. It started as far back as 1972, when Australia owed nothing. As president of the Melbourne Chamber of Commerce between 1977 and 1979, and during my continuous involvement with commerce in Australia until 1987, I warned continuously, publicly and in discussions with all prime ministers since Mr Gough Whitlam, that the policies adopted by Australia in relation to exports and foreign exchange earnings were totally misdirected. There was no hope of rectifying the situation, I said, unless Australia developed an export culture.

Nobody listened. Mr Malcolm Fraser allowed the debt to grow, without doing anything about it, to in excess of \$A30bn by the time the Liberals were voted out of power; and Mr Bob Hawke presided over an increase of the debt to somewhere near \$A140bn.

Neither is it helpful that the speculation in the Australian dollar, making it the fifth most traded currency in the world, has kept it at an unwarranted and unacceptable level, making exports more difficult and imports far too cheap.

The second point is that it does not matter who runs Australia: the course is now inevitable. One cannot have an increase of one's debt in current account every month in excess of \$A1bn and still hope for an improvement just by a rise in commodity prices.

The need is for harsh economic measures and a changed attitude towards the work ethic, which the Australians abandoned a long time ago in favour of sun, sea and surf.

Peter Frankel,
"Elmstead",
Chapel Road,
Limpsfield Common,
Surrey

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Business failures cannot necessarily be equated with audit failure

From Mr Ian R McNeil.

Sir, John Plender brought a welcome international perspective to discussions about corporate failures ("Search for safe places to do business," December 16). Many of the questions that he asked about regulation are also being posed in other countries in recession, where regulatory systems may be very different from the UK (for example, the US). Mr Plender also drew attention to the relatively poor standards of accounting and regulation in some other EC states.

Mr Plender went on to refer to the important role of the Accounting Standards Board in developing tougher financial reporting standards than was previously possible in the face of opposition from industry. In this the ASB, underpinned by the Review Panel, has the strong moral and financial support of the auditing profession. Mr Plender might also have mentioned the robust line now being taken by the Auditing Practices Board to long-standing problems, as reported elsewhere in your newspaper on December 16 and again on December 19. In addition, the system of audit regulation and inspection introduced on October 1 under the Companies Act 1989 is providing an extra safeguard for ensuring the competence and integrity of auditors.

Mr Plender said that it was too early to pronounce on the role of the accountancy profession in relation to Maxwell. He is right but he might have extended this conclusion to several of the other complex corporate failures of the last couple of years where it will take some time for the full story to emerge. If and when it becomes evident that there have been shortcomings in the way in which chartered accountants have acted, either as directors of the failed companies or as auditors, this institute will take disciplinary action. Indeed, all of the cases to which Mr Plender referred are either under review or investigation.

Until the facts are known, however, Mr Plender is not entitled automatically to equate business failure with audit failure: most business failures result from poor management, over-gearing or a collapse of orders. He should also be cautious about jumping to remedies such as an enforced separation of audit from other services offered by accountancy firms. This measure would not be welcomed by business, and it is not justified by any hard evidence of compromise to auditors' independence under the present system.

Ian R McNeil,
Institute of
Chartered Accountants,
Chartered Accountants' Hall,
Moorgate Place, London EC2

FINANCIAL TIMES
Tuesday December 24 1991

IRA suspected of disruption as progress made towards new talks on Ulster's future

Firebombs shut down London Tube

By Richard Evans in London

THE Irish Republican Army announced yesterday there would be a 72-hour ceasefire from midnight last night hours after London's underground system was shut down when two firebombs went off on the network.

No one had claimed responsibility for the incidents last night, but the authorities assumed they were part of a concerted IRA campaign against commercial and transport targets in the run-up to Christmas.

The IRA is campaigning for the removal of British troops from Ulster and for a united Ireland.

Although the entire Tube system was closed after two incendiary devices went off on trains in north London, the disruption was not as great as a week ago when all London mainline British Rail stations were closed after a device ignited on a track near Clapham Junction.

The scale of the disruption from early morning until a service was resumed on all Tube lines by 12.30pm showed that the terrorists had again succeeded in generating maximum publicity at little cost. No one was hurt in any of the incidents.

Despite security alerts in London and terrorist killings in Northern Ireland in the last week there has been, in Northern Ireland terms, significant progress towards restarting talks on the province's political future.

When "round table" negotiations involving the province's main political parties, the British and Irish governments, collapsed in July, few expected a resumption before next year's general election.

Increased terrorist activity usually hardens attitudes as Northern Ireland's politicians become more insular and defensive of the hard-bitten communities they represent. Unionists demand tougher security and an end to constitutional uncertainty.

But Mr Peter Brooke, Northern Ireland secretary, has managed to buck the trend a little. Northern Ireland's political leaders – whose mutual distrust is borne of more than two decades of "troubles" – must not feel as if they are being forced down a path they do not want to tread.

There is pressure from voters not to be seen as the party preventing talks from resuming.

Perhaps, too, the approach of an election has brought home to local politicians how little the province is changing and how small is their influence over its running.

Deliberately low profile "talks about talks" with Mr Brooke have been held since September, but real advances have been made only recently. Speaking after a five-hour meeting with Mr Gerry Collins, the Irish foreign minister, last Wednesday, Mr Brooke said there had been a "sea change" in the attitudes.

The following day he held a succession of meetings with Unionist and nationalist leaders in a ministerial conference room beneath the Commons chamber at Westminster, where journalists are not allowed access.

The Northern Ireland Office did not confirm that meetings were taking place until afterwards. Further meetings will be held in the first full week of January.

The structure of talks would be similar to those in the summer. They would address three relationships; internal government of the province, between north and south Ireland and between London and Dublin.

Ashley Ashwood
Police guard the entrance to a central London underground railway station, closed by IRA bombs early yesterday

Bush adjusts to the recession

By Lionel Barber in Washington

THE US President and the *First Lady will not be* exchanging Christmas presents this year. This follows normal practice, according to the White House; but the public spotlight on George and Barbara Bush's restraint captures the mood of austerity which has swept Washington.

Downtown department stores are virtually empty; on Capitol Hill the offices of Congressmen and Senators are noticeably without the usual piles of liquor, chocolates and calendars; the homeless roam the streets in ever greater numbers.

It has taken Mr Bush some time to adjust to the reality of the recession, but in his latest speeches and public appearances the president has tried hard to identify with ordinary Americans affected by the economic downturn.

Next week, he will embark on his long-planned 10-day trip to Asia, accompanied by top executives from the hard-hit car industry and other manufacturing companies.

In his own words, Mr Bush will carry a single message: "Jobs, Jobs, Jobs."

Mr Bush's threat to pursue a "relentless mission" to prise open markets in Japan and other East Asian markets has sent tremors all the way to Tokyo. Having talked often about the need to promote a "global partnership" between the US and Japan, the president has turned into an all-purpose minister for trade and industry.

The reason goes beyond statistics such as the 2,600 jobs lost each day during October; and beyond the fact that the lay-offs are affecting not just blue-collar workers but office staff from top executives downwards.

Mr Bush has suddenly remembered one of the rasher promises he made during the 1988 presidential campaign, when he pledged to create 30m new jobs in his first four years in office.

In the Roaring Eighties, this goal may have seemed feasible. Ronald Reagan created 17m new jobs in eight years. Under Mr Bush, the net civilian workforce has dropped from 117.3m to 116.9m.

Wall St soars after cut in interest rate

By Patrick Harverson in New York

US share prices soared in New York last night amid frantic *trading as investors went on a* buying binge in the wake of last Friday's big cut in interest rates by the Federal Reserve.

At the close the Dow Jones was up 88.10 at 3,022.58. It was the biggest one-day rise since the Dow jumped more than 100 points at the start of the Gulf war in January, and it was the first time the index had closed over 3,000 since mid-November.

The sudden surge of buying was a delayed reaction to Friday's decision by the Federal Reserve to boost the stagnant US economy by cutting the discount rate from 4.5 per cent to 3.5 per cent.

The drastic easing of monetary policy sent investors flocking back to the equity markets yesterday as they bought stocks in the hope that exceptionally cheap domestic credit - US interest rates are at their lowest levels in almost three decades - will stimulate economic activity and spark a recovery in early to mid-1992.

Comments from Mr Marlin Fitzwater, the chief White House spokesman, who renewed calls for an economic growth plan that includes tax cuts and suggested that *interest rates could go even lower*, added fuel to the buying on Wall Street. Mr Fitzwater said: "Inflation is low and under control. We believe there is room for declining interest rates."

The stock market was also buoyed by a number of technical factors, including lower bond yields (the benchmark 30-year bond rose over half a point, pushing the yield down to just over 7½ per cent), and some traditional Christmas "window dressing", with investment managers bidding prices higher in an attempt to boost the value of their stock portfolios before year-end.

Much of yesterday's buying would normally have occurred last week, straight after the interest rate cut. Last Friday, however, was "triple witching" day, which is when stock-index futures, index options and individual stock options all expire at once and when trading on Wall Street is notoriously unpredictable. Many individual investors, therefore, stayed away from the market until yesterday.

Gorbachev on verge of resigning

Continued from Page 1

would be imminent British recognition of Russia as long as it assumed all the rights and obligations of the old Soviet Union.

Mr Gorbachev has pledged to step down once a smooth transition to the new order has been effected.

He interrupted an eight-hour conversation with Mr Yeltsin to take Mr Major's call, Interfax said.

Meanwhile rockets and artillery shells rained down on the Georgian parliament yesterday as the country's opposition strove to capture Mr Zviad Gamsakhurdia, the republic's president.

At least 30 people were reported dead in fighting in the streets round the parliament and on Rustaveli Avenue, the main street of the capital, Tbilisi.

Mr Gamsakhurdia was last night still refusing to surrender to the opposition grouping and called for support from outside the capital.

Local opposition sources said he and his family had been offered safe conduct out of Georgia.

The assault on the parliament building was led by Mr Tengis Khitovani, head of a detachment of the national guard which had split from Mr Gamsakhurdia in September, and by Mr Tengiz Sigua, the former prime minister.

Mr Sigua resigned at the same time in protest against Mr Gamsakhurdia's increasingly authoritarian and isolationist policies.

The rebel guardsmen have been camped outside the capital for three months, while guardsmen loyal to Mr Gamsakhurdia barricaded the parliament building which houses the presidential offices.

Mr Khitovani's guards began the assault on the parliament early on Saturday evening.

Mr Sigua told the Tass news agency that the government was unwilling to open talks to end the bloodshed. He said: "Our demands have not changed: we demand the resignation of the president".

UK underlying trade deficit rises

By Peter Marsh, Economics Staff, in London

BRITAIN'S underlying trade deficit increased last month to its highest level for nearly a year, *as signs continued of a* difficult market for exports due to a slowing world economy.

The Central Statistical Office said yesterday that the visible trade gap, not counting oil and high-price, erratic items such as aircraft and ships, increased from £1.1bn ($2bn) in October to £1.2bn in November.

Import volumes have risen slowly in recent months, partly a factor of the economy picking up from its extremely weak state early this year, while export growth has faltered.

In volume terms and on a seasonally adjusted basis, exports excluding oil and erratics fell in the three months to November by 1.5 per cent, compared with *between June and* August. In this latter period, the same measure of export volumes had shown a 2 per cent rise compared with the March-May period.

Import volumes without oil and erratics showed a 0.5 per cent increase between September and November, as against the previous three months. In the preceding three-monthly period, they rose by 1 per cent.

In November, both export and import volumes not counting oil and erratics – a measure generally thought to give the best guide to underlying trade changes – were sharply higher than in October. But this jump could turn out to be *a statistical quirk against the* general trend.

Including oil and erratic items, the overall current account deficit in November was £587m, as against a revised £561m in October.

The Treasury said the figures were in line with its forecast in last month's Autumn Statement of a £6.5bn current-account deficit this year. It said exports were generally at a high level, though acknowledged concern that they could falter as a result of slow growth in countries such as the US and Germany which are important trading partners for the UK.

Mr Gordon Brown, the oppo*sition Labour party's trade and* industry spokesman, said the trade numbers illustrated the poor state of the UK economy. He said Britain would enter 1992 with investment and production still falling, and with the trade deficit worsening – even though in a recession it would be expected to decrease. The Liberal Democrats also attacked the government's economic record, saying ministers were "walking backwards", when they should be trying to promote a recovery.

Details, Page 5

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	18	61
Algiers	S	20	68
Amsterdam	C	12	54
Athens	R	9	48
Bahrain	S	17	63
Bangkok	F	32	90
Barcelona	S	15	59
Beirut		-	-
Belfast	R	5	41
Belgrade	C	0	32
Berlin	C	11	52
Biarritz	S	17	63
Bombay	S	27	81
Bordeaux	S	12	54
Boulogne	C	11	52
Brussels	C	11	52
Budapest	Dr	-1	30
Buenos Aires	R	28	82
Cairo	S	18	64
Cape Town	S	23	73
Caracas	C	27	81
Casablanca	S	15	59
Chicago	F	1	34
Cologne	C	12	54
Copenhagen	R	8	46
Corfu	S	14	57
Dallas		-	-
Dublin	S	7	45
Dubrovnik		-	-
Edinburgh	F	5	41
Faro	S	21	70
Florence	S	7	45
Frankfurt	C	12	54
Geneva	S	11	52
Gibraltar	S	17	63
Glasgow	C	5	41
Helsinki	Sl	1	34
Hong Kong	S	21	70
Innsbruck	Fg	2	36
Inverness	Sl	3	37
Islamabad	C	16	61
Istanbul	C	6	43
Jakarta	R	31	88
Jersey	F	11	52
Johannesburg	F	23	73
Lima	C	23	73
Lisbon	S	16	61
London	C	13	55
Los Angeles	C	13	55
Luxembourg	Dr	9	48
Madeira	S	18	64
Madrid	S	10	50
Majorca	S	18	64
Malaga	S	17	63
Malta	S	17	63
Manchester	R	10	50
Manila	F	30	86
Melbourne	S	17	63
Mexico City	C	23	73
Miami	S	15	59
Milan	S	9	48
Montreal	C	2	36
Moscow	C	-1	30
Munich	C	10	50
Nairobi	F	22	72
Naples	S	19	66
Nassau	C	25	77
New Delhi	S	18	64
New York	S	6	43
Nice	S	15	59
Nicosia	F	17	63
Oporto	S	13	55
Oslo	S	2	36
Paris	C	10	50
Peking	S	0	32
Prague	C	9	48
Reykjavik	C	-5	23
Rhodes	R	13	55
Rio de Janeiro	C	38	100
Rome	S	15	59
Salzburg	C	12	54
San Francisco	S	6	43
Seoul	R	8	46
Singapore	F	27	81
Stockholm	F	5	41
Strasbourg	C	11	52
Sydney	F	23	73
Taipei	F	24	75
Tangier	S	19	66
Tel Aviv	S	18	64
Tenerife	F	24	75
Tokyo	S	13	55
Toronto	C	1	34
Tunis	F	18	64
Valencia	S	19	66
Venice	S	9	48
Vienna	F	8	46
Warsaw	R	2	36
Washington	S	1	34
Zurich	F	10	50

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

Talking turkey in the City

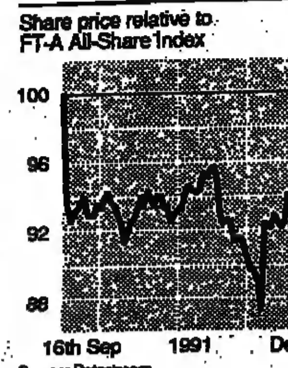
FT-SE Index: 2,345.4 (-12.7)

The reasons were more technical than fundamental. But it is nonetheless appropriate that Northern Foods should have been the only FT-SE stock to add more than a few pence in yesterday's subdued stock market trading. Save for the Christmas fare there is likely to be little to cheer London investors over the next few days.

Yesterday's balance of payments figures were at least in line with expectations, higher import volumes providing evidence for the optimists that the economy is picking up. But the *over-riding issue in the market* is the future of sterling interest rates. Yesterday's move by other countries in the exchange rate mechanism to follow last week's lead by the Bundesbank once again leaves the UK isolated in Europe, and the authorities facing perhaps their sternest challenge to date. At one point yesterday sterling came perilously close to its DM floor, though there were no overt signs of official intervention. That is perhaps not surprising, given three month interest rates a touch over 11 per cent. Whatever Downing Street may wish, the market is clearly expecting the chancellor's nerve to crack first on interest rates rather than on sterling's ERM parity.

Williams Holdings

Williams Holdings
Share price relative to FT-A All-Share Index



Source: Datastream

It would be wrong to conclude from the failure of Williams' attack on Racal that the day of the hostile bid is over. The fate of both Ultramar and Hawker Siddeley prove otherwise. The lesson for Williams is nonetheless awkward: tightly-priced, all-paper bids are risky in a weak market. Williams would almost certainly have succeeded had it been prepared to offer 57p in cash, the price at which it bought most of its 10 per cent stake in the market.

The company would argue *that* underwriting such an offer would have been prohibitively expensive given the time needed to resolve the competition questions surrounding Chubb. By doing without, however, it is left with £77m tied up in a low-yielding lump of Racal and an important part of its strategy apparently in tatters after three unsuccessful hostile bids. Something will surely have to give. Should it be prepared to risk dilution by offering more in future? Or should it risk its gearing by putting more of its own cash on the table?

The answer seems to be neither. Williams will instead concentrate again on agreed takeovers. Yet there must be doubts whether this offers sufficient long-term growth for a company of Williams' size. In the short run there is undeniably more margin improvement to come from Yale & Valor. But Williams will have to account for the loss, currently some £14m, on its Racal holding, not to mention the cost of carrying the investment. Until the way ahead becomes clearer, the shares look set to underperform.

British Airways

British Airways has flirted with so many airlines that its marriage plans sometimes appear frivolous. In eyeing up the Dutch carrier KLM, though, BA may have finally hit on a partner which can one day be led to the altar. Negotiations so far have been consciously low key, but yesterday's comment from the Dutch economics minister that a merger is logical confirms a surprising eagerness to pursue the match on both sides.

An outright bid by BA, which would provide the opportunity to make huge overhead savings, can almost certainly be ruled out in the short term. EC regulators have *signalled* their hostility to the development of cross-border mega carriers, which they perceive as a threat to lower fares in the single European market. Moreover, given the international rules for handing out route licences it is probably in the interests of the airlines anyway to retain separate national identities. A solution based on the Unilever/Royal Dutch Shell models would certainly achieve this aim, allow some economies of scale in the meantime, and forge a relationship which would doubtless become closer if the regulatory climate allowed.

The prospect of a deal has been one factor helping to sustain BA's share price, which *has outperformed* the market by a third since late summer. If it happens, the long-term implications for both airlines are immense. It is now clear that if it fails the reason will be price, not principle.

South West Water

Yesterday's near 5 per cent rise in South West Water's shares was a fine example of the regulatory game in action. Ofwat was unlikely to block South West's request for higher prices to fund the additional capital spending required by the government and Brussels. To have done so would have implied an inconsistent negotiating stance in the industry's wider cost of capital debate. Yet the threat not only held back South West's shares in recent months, but also doubtless played a part in the company's overtly cautious 6 per cent dividend rise at the end of November. A palpable hit to Ofwat.

Christies Int'l

The fund managers at Mercury Asset Management obviously think they know a thing or two about the market for fine art. Why else would they pay more than £40m to take their stake in Christies International to 27 per cent, in the process bringing some overdue relief to Mr Micheal Ashcroft's ADT? Granted, MAM snapped up most of ADT's stake at a 13 per cent discount to the market price, crystallising an £85m loss for ADT. But Christie's shares have been in free-fall for most of the last 18 months, so MAM must see some recovery potential.

Christie's interim results in September suggested the group will struggle to make £8m pre-tax profit this year, against *more than five times* that in 1990. What it will make next year is anyone's guess. There have been selective signs of a tentative revival of art buyers' interest, but, as in the housing market, largely as a result of lower vendor expectations. Christie's has done all the cost-cutting it can, so it could be a while before its bottom line recovers. The full-year dividend, if maintained at 8.3p, will be uncovered. MAM's presence on the share register might stop the rot, but then it is not as if other investors, who have to pay the market price, face a shortage of recovery candidates elsewhere.

FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday December 24 1991

INSIDE

Early Christmas cheer for Beazer

[redacted] President George Bush [redacted] given [redacted] early Christmas present by signing a $151bn bill [redacted] could bring a much-needed [redacted] profits at [redacted] group it agreed to purchase in September for £351.4m [redacted] busi-[redacted] largest in the US, [redacted] from the signing. [redacted] $119bn of federal [redacted] will [redacted] allocated to [redacted] construction, and $31.5bn [redacted] public transport. [redacted] 12

Conti expects 10% growth

Continental, [redacted] German tyre and rubber prod-[redacted] company, [redacted] turnover to rise by 10 [redacted] cent next [redacted] the world [redacted] market again [redacted] by only 2 [redacted] Page [redacted]

Shopping late for Christmas

Recession [redacted] British retailers [redacted] resort [redacted] some desperate ploys [redacted] drum up [redacted] But [redacted] far, none has fallen [redacted] on [redacted] old stand-by – the "Shop Early for Christmas" sign. This is because shopping patterns [redacted] changing rapidly. [redacted] are leaving Christmas purchases later [redacted] year. [redacted] trends, [redacted] largely invisible [redacted] age shopper, [redacted] dramatic [redacted] in [redacted] and technology which [redacted] revolutionised management of [redacted] supply chain. [redacted] 15

Red signs [redacted]

America's shopkeepers [redacted] praying for a mira-[redacted] Shoppers [redacted] real question [redacted] how much consumers [redacted] buying and [redacted] what price. Walk for a couple of [redacted] on [redacted] Avenue, and [redacted] story [redacted] spelt out [redacted] large [redacted] signs. Page [redacted]

Japan pays the price

[redacted] western hemisphere was [redacted] by Thursday's bigger-than-expected rise in [redacted] interest rates in Germany, and [redacted] a day later by [redacted] unexpectedly large US discount [redacted] Japan [redacted] been paying the price for stock market sluggishness and a falling futures market boom. Page 28

Oil and now frankincense

[redacted] frankincense, [redacted] gift [redacted] and the Middle Eastern country's oldest trading commodity, [redacted] be [redacted] government plan [redacted] diversify [redacted] oil production. Frankincense was once the major trading commodity [redacted] the [redacted] part [redacted] the [redacted] Peninsula, and was the [redacted] for [redacted] economy of the now oil-rich [redacted] southern [redacted] region of Oman. [redacted] 16

Tradition put back into turkeys

[redacted] hard in Britain, [redacted] Christmas turkey [redacted] exception. In spite [redacted] the threat [redacted] big [redacted] EC legislation, farm-[redacted] continue [redacted] produce [redacted] turkeys using [redacted] dating [redacted] the early part of this century. Farmer's Viewpoint [redacted] turkey farm. [redacted] 16

Fairfax formality completed

Tourang, the [redacted] bidder [redacted] Fairfax newspaper group, yesterday formally completed [redacted] acquisition, in spite [redacted] a court action brought [redacted] rival [redacted] Page [redacted]

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				Frontier Ins	26½	+	1⅞
Rises				Gen Elect	72	+	2⅛
Lafbell	[redacted]	+	[redacted]	[redacted] Pacific	28⅛	+	[redacted]
Linotype-Hell	312	+	[redacted]	Triton Energy	34	+	⅞
[redacted] Prf	544	+	24	**PARIS (FFr)**			
Falls				**Rises**			
[redacted]	[redacted]	–	12	Canal +	946	+	[redacted]
[redacted]	340	–	10	Radiotech	[redacted]	+	[redacted]
Hoesch	243.2	–	10.8	**Falls**			
NEW YORK ($)				Chargeurs	842	–	18
Rises				Fonc. Lyonn	[redacted]	–	20
BankAmerica	34¼	+	⅞	Immobanque	[redacted]	–	47
Coca Cola	78¾	+	2¾	Valeo	530	–	17
Tokyo closed.							
LONDON (Pence)				Laporte	[redacted]	–	7
Rises				Mowlem (J)	114	–	6
ADT	[redacted]	+	12	NFC	217	–	[redacted]
[redacted]	[redacted]	+	8	Norcros	[redacted]	–	[redacted]
[redacted]	[redacted]	+	[redacted]	Northamber	38½	–	2½
[redacted] West Water	[redacted]	+	14	[redacted] Elects	46	–	3
Taylor Woodrow	111	+	5	[redacted]	90	–	15
Falls				Riva	25	–	4
Abbey	55	–	[redacted]	Tarmac	97	–	4
Airport [redacted]	53½	–	[redacted]	[redacted]	6	–	[redacted]
Dowty	141	–	[redacted]				
Dwyer	58	–	[redacted]				
ESS	[redacted]	–	15				

Car auction group estimated to have lost £84m on sale in attempt to cut debt mountain

ADT sells its 24% stake in Christies

By Michiyo Nakamoto in London

ADT, the Bermuda-based car auction and security group, yesterday sold its 24 per cent stake in Christies International, parent of Christie's auction house, in its attempt to reduce its debt mountain – about $1bn in June.

The group's stake of about 42m ordinary shares was sold for an aggregate consideration of £46m ($83.7m) representing an estimated loss to ADT of about £84m on the investment. The group acquired the bulk of its stake in Christies last year at [redacted] esti-[redacted] total cost [redacted] about £130m.

The [redacted] by Christies, which has [redacted] its shares suffer under the [redacted] of a sale by ADT after it indicated this summer it would take steps to reduce its high level of debts, including the disposal of non-core investments.

"A [redacted] of uncertainty has [redacted] been removed," [redacted] Mr David Tyler, finance director of Christies.

Christies's shares have fallen from a peak of 409p on June 13 last year to a low of 125p on December 11. They closed 9p up at 135p yesterday.

Most [redacted] the ADT [redacted] bought by Mercury Asset Management for a range of its institutional pension funds based largely in the UK.

In the first half of this year ADT reported a 42 per cent fall in interim pre-tax profits to $145.7m. The results showed that "interest [redacted] and other investment income" [redacted] "other income less expenses" produced a [redacted] loss of $33.5m in the half year, compared with $37.1m.

Its debt reduction plan, which [redacted] suspension of dividends and the disposal of certain investments, aims to cut borrow-*ings* [redacted] $500m by early 1993.

The plan was announced by ADT [redacted] from its larg-[redacted] shareholder. Laidlaw, the Canadian [redacted] services and school bus operator.

In a public wrangle featuring a lawsuit by the Canadian group which was later withdrawn, Laidlaw [redacted] ADT had made misleading profits disclosures in relation [redacted] transactions with [redacted] companies, and [redacted] it [redacted] *manipulated its own* [redacted] price. The [redacted] group attempted to force ADT to strengthen its balance sheet, improve corporate [redacted] withdraw from [redacted] *with car auctions* [redacted] security. [redacted] were partly rewarded in June when [redacted] won an agreement from ADT to include [redacted] Laidlaw-appointed and [redacted] independent [redacted] its [redacted]

Lex, Page 10

The downward spiral of property prices may not be over, reports **Stefan Wagstyl**

Japan's landscape of losses

The towers of Hiroo Garden Hills, smart blocks of flats in a smart district of Tokyo, are home to many of the city's wealthiest residents. They also house some very worried investors.

At the height of Tokyo's property boom, flats changed hands at a price of Y4m-Y5m a square metre. Today, agents cannot find buyers at Y2.5m ($19,386). "There are almost no trades," says a local agent, adding that he would be sacked if he were identified as [redacted] source of such [redacted] data.

When Japanese property prices began falling rapidly last year, agents tried to stem the [redacted] by talking up the market. They no longer bother – the sense of gloom is so uni[redacted] almost nobody tries to dispel [redacted]

The Ministry of Finance hopes to shine a little light in the darkness by lifting, on January 1, curbs on bank lending which it imposed two years ago to starve speculators of funds. But there is no sign that this New Year's gift will make much difference to the hard-pressed industry.

"Prices have fallen so far that we daren't tell people the truth *for fear that they would start* demanding their money back on properties they have bought," says an official of the Property Trading Modernisation Centre, a property agents' think-tank.

The agents may be exaggerating – but not by much. While there [redacted] signs that prices [redacted] be close to the bottom, this is not certain. Too many heavily indebted developers with big portfolios loom large in the market.

Even large property companies with the means to take advantage of distress sales are wary. An official at Mitsubishi Real Estate says: "I don't think we'll rush out and buy land because it looks cheap now. The future looks too uncertain."

A dearth of reliable data has also clouded the picture. Official figures have tended to lag the market and understa[redacted] price [redacted] On Friday, however, the government's National Land Agency at last came clean on the [redacted] price [redacted] with a report which showed prices in the Tokyo area had fallen by some 30 per cent from their 1987 peak and by between 30 per cent and 40 per cent from a mid-1990 peak in Osaka.

Picture: Glyn Genin

Chill winds are blowing over the property market in Tokyo, seen here with a snow-capped Mount Fuji in the background

These figures match the [redacted] sensus of the industry. But [redacted] average [redacted] conceal [redacted] variations. In some prime areas, such as Otemachi, the central business district in Tokyo, bankers say prices have fallen 10 per cent at most; in Kayabacho, a stockbroking area less than a mile away, they have fallen 20 per cent or more. In Osaka the numbers are bigger – a fall of at least 10 per cent for Midosuji, the city's equivalent of Otemachi, and more than 50 per cent in some fringe commercial and residential districts.

The areas seeing the worst declines are not necessarily undesirable – Senri New Town in northern Osaka, where prices for flats have fallen around 50 per cent, is a well-planned development less than 30 minutes from the city centre. Hiroo Garden Hills is one of Tokyo's most fashionable addresses. Prices collapsed here because they were bid up so high in the first place.

The president of a leading developer has a useful rule-of-thumb: where prices rose fourfold after 1985, they will fall 40 per cent, where they rose threefold, they will drop 30 per cent and so on.

In fact, on [redacted] Tokyo prices roughly doubled in 1985-90, so a 20 per cent fall might be expected. This would still [redacted] them 80 [redacted] cent up – a figure not too [redacted] out [redacted] line with [redacted] which rose about 50 per [redacted]

[redacted] land prices should [redacted] to hit [redacted] demand from people wanting [redacted] buy their own homes.

The [redacted] Institute, a private organisation, estimates the supply of new flats to the Tokyo market will have fallen 34 per cent this year to a 15-year low. It forecast that the average price would fall 9 per cent to Y55m, following a 3.9 per cent decline in 1991.

Property agents say the figures disguise the true scale of the decline – the average cost of a new flat is nearer Y40m. Mr Mutsuo Terauchi, general manager of the property department of Yasuda Trust [redacted] Banking, a trust bank, says [redacted] properties have been selling well in the past few months.

The outlook [redacted] commercial land is more tricky. Retail [redacted] industrial space attracts buyers, particularly for forced sales. But the market for commercial office land is dead. Too many high-priced luxury buildings erected in the late 1980s look expensive in the sober 1990s. In Kayabacho, in commercial districts of west-central Tokyo, and elsewhere, signs on plate-glass [redacted] of [redacted] buildings attest to the urgency of finding tenants.

Mr Terauchi fo[redacted] that land prices will polarise. *Prices* will stabilise where [redacted] was little speculation, where land remains in the hands [redacted] lished owners and where there is a genuine use for the property – either residential [redacted] But prices will fall further in areas which saw large increases and where land ended up in the hands of debt-financed newcomers to the property industry.

One blighted area is Aoyama, an up-market residential and commercial [redacted] Tokyo, which, among others, [redacted] Itoman, the trading company [redacted] ran [redacted] financial [redacted] through property investments and is being bailed out by Sumitomo Bank.

An [redacted] in Aoyama [redacted] area is full [redacted] newly [redacted] car parks – plots of land which were cleared for construction but [redacted] developed. "Upstart sec-[redacted] property companies are trying [redacted] run [redacted] at night and [redacted] behind."

[redacted] property-related bankruptcies, [redacted] Y2,606bn [redacted] 11 months [redacted] 1991, [redacted] of [redacted] actual bankruptcies are [redacted] tip [redacted] iceberg – property [redacted] companies have borrowed [redacted] Y120,000bn, according [redacted] finance ministry data, a figure which [redacted] property [redacted] by other [redacted] of [redacted]

Banks have committed themselves *to holding land* off the market, by supporting their largest debtors as long as they can. Sumitomo has bailed out Itoman (Y570bn in property loans), Long-Term Credit Bank is aiding EIE International (about Y1,000bn), and Mitsui Trust and Banking is supporting Dai-Ichi Real Estate (Y850bn).

The bail-out plans [redacted] debts will [redacted] cleared by land sales. The weakness [redacted] the mar-[redacted] are being postponed – [redacted] example, [redacted] Real Estate, another troubled investor, this summer agreed with its bankers to sell Y400bn of property to cut its [redacted]

H[redacted] a previous plan to *sell* [redacted] by [redacted] *1991* resulted in only about Y50bn in disposals. Mr Terauchi believes more bankruptcies are likely early next [redacted] as banks take painful decisions in advance of their financial year-end in March.

Bankers talk glumly of having to wait three to five years to clear debts by asset sales. The Property Trading Modernisation Centre believes it could take eight years. The planned end on lending [redacted] means [redacted] could direct funds [redacted] blue-chip developers ready to [redacted] land [redacted] their hands.

The result [redacted] be [redacted] Mitsubishi [redacted] Estate, Mitsui Real [redacted] top companies will [redacted] a rare opportunity to buy land cheap. But, [redacted] sweat, they can [redacted] to wait.

Arrows group debts may be £220m with £100m shortfall

By [redacted] Hamilton Fazey, Northern Correspondent

TOTAL [redacted] the [redacted] companies connected with Arrows, the Cheshire-based UK trade finance house closed down in July, are likely to be about £220m ($400m), with a shortfall of about £100m, the group's liquidators said yesterday.

[redacted] than 80 single-purpose companies [redacted] with [redacted] involved, [redacted] Arrows's own [redacted] understood [redacted] £113m. Credi-[redacted] 35 [redacted] building societies.

[redacted] lent [redacted] Arrows for stock-financing [redacted] for [redacted] corporate customers, but [redacted] alleged [redacted] found [redacted] into property investments which were then hit by the recession.

Arrows was finally wound up in the High Court on December 13 after Mr Justice Hoffman refused to make an administration order on a petition by Mr Muhammad Naviede, Arrows's owner. Mr Scott Martin and Mr Nigel Hamilton of Ernst & Young were last week appointed liquidators by Mr Peter Lilley, the trade and industry secretary.

Mr Naviede [redacted] charged in August with obtaining £10m from NMB Postbank of the Nether-*lands by deception. He was freed* on £400,000 bail and ordered to surrender his passport and his pilot's licence.

The Serious Fraud Office began investigating Arrows in August, after NMB Postbank – owed £25m – called in liquidators. SFO inquiries are continuing.

Mr Martin, head of insolvency and recovery service at Ernst & Young's [redacted] office, said it would [redacted] some time [redacted] an *accurate* [redacted] *could* [redacted] made of the deficiency [redacted] tors but indications were that it would be about £100m. He could not say when a creditors' meeting would be held. Legal restrictions limited information he could give in the meantime, he added.

Mr [redacted] nine-year-old [redacted] grew by [redacted] financing [redacted] *they had peak working* [redacted] ital [redacted] but fully [redacted] bank [redacted] Arrows bought [redacted] and then immediately sold it back, plus fee, [redacted] with [redacted] days' credit.

Mr Naviede flew himself round the world in 80 hours in June to raise money for Great Ormond Street Children's Hospital in London. Arrow's also ran a Young Company of the Year Award, which raised £50,000 for Barnar-*do's, the UK children's charity* over two years.

S&P downgrades J Sainsbury

[redacted] John Thornhill in London

J. SAINSBURY, the UK food retailer, yesterday [redacted] its debt rating [redacted] by Standard [redacted] the [redacted] credit [redacted] expressed concern at the intensification of competition in the UK market and the "unclear" trends in consumer spending.

Although the move [redacted] not likely [redacted] add significantly [redacted] Sainsbury's [redacted] borrowings, it *will further fuel uncertainty in* the City of London about the UK grocery market where sales volumes have been falling.

The big UK food retailing companies, such as Sainsbury, Tesco and Argyll Group, are still spending enormous sums [redacted] build superstores [redacted] consumers have [redacted] conspicuously trading down in [redacted]

Sainsbury [redacted] runs the 71-[redacted] Shaw's chain of supermarkets in [redacted] US which [redacted] borrowings locally. [redacted] will not be [redacted] by S [redacted] P's move. Shaw's long-term borrowing requirements are met by the head office in London.

"It should not [redacted] the day-to-day fund raising for the working capital needs of the [redacted] business," Sainsbury said yesterday.

Standard & Poor's downgraded *Sainsbury's senior long-term debt* from an AA rating to AA- and its subordinated [redacted] rating from AA- [redacted] A+ as it [redacted] the operational and financial profiles [redacted] companies in [redacted] UK retailing industry. Sainsbury's rating [redacted] *short-term commer*cial paper programme was left unchanged [redacted] A1+.

In spite of an £880m [redacted] capital expenditure programme this year, Sainsbury's finances [redacted] in a seemingly healthy [redacted] following a £489m rights in June.

The company played down the significance of the downgrading yesterday. "We would not expect the downrating to greatly affect our cost of funds. We still have funds left over from the rights issue and are not in the market for long-term [redacted] at the moment," a Sainsbury official said [redacted] night.

Last month, Sainsbury reported that [redacted] debt [redacted] the interim [redacted] stood [redacted] £200m which [redacted] have [redacted] £400m [redacted] the company's outstanding convertible capital bonds [redacted] included as debt rather than *equity. This represented* [redacted] debt-equity [redacted] cent [redacted] per [redacted] if [redacted] were counted as debt.

Sainsbury [redacted] closed up [redacted] 354p yesterday running [redacted] the London market trend.

UK COMPANY NEWS

Burton sells HQ to Heron for £50.9m

By Vanessa Houlder, Property Correspondent

BURTON Group, the retailer, has sold its headquarters in London's Oxford Street for £50.9m [illegible] Meliosira, a Dutch company owned by the Heron Corporation, the property, motor and petrol retailing group [illegible] by Mr Gerald Ronson and Société Générale, [illegible] French bank.

Burton will continue to [illegible] the building, under a 25 year [illegible] agreement, at an initial rent of £5.5m a year and a minimum [illegible] annual increase [illegible] first ten years of 4.5 per cent. However, Meliosira will [illegible] the right to break the lease after [illegible] and [illegible].

The proceeds of the [illegible] will help reduce Burton's debts, which increased [illegible] a result of [illegible] expansion and an ill-starred foray into property development.

Burton originally intended to redevelop its headquarter site although this plan [illegible] abandoned in July 1990 when it withdrew from property development.

The property, which [illegible] built in 1924, is leased from the Crown Estates.

The building was included in the Burton Group accounts [illegible] end [illegible] August [illegible] £50.9m. From the total consideration, [illegible] has been set aside as Burton's maximum contribution towards maintenance work.

Meliosira is jointly owned by [illegible] Holdings Europe, a member of the Heron Corporation group of companies and Societe d'Investissements Fon[illegible] Participations, a subsidiary of [illegible].

The deal [illegible] pleted [illegible] January.

Unions propose buy-out of MGN titles

By Raymond Snoddy

UNIONS AND employees at the Scottish Daily Record and the Sunday Mail yesterday joined the list of those seeking to organise buy-outs of parts of the media empire of the late Mr Robert Maxwell.

The planned buy-out, which could be joined by management representatives at a later stage, is backed by Charterhouse, the merchant bank.

Officials from the Graphical Paper and Media Union admitted that the plan was still at an embryonic stage but said they thought a separate buy-out for the Scottish titles was in the interests of both employees and readers.

At the moment the intention is to try to keep Mirror Group Newspapers together as a single block. The management buy-out being organised by Mr Richard Stott, editor of the Daily Mirror, is for the whole group.

Apart from the Scottish newspapers the main titles are the Daily Mirror, the Sunday Mirror, The People and the Sporting Life. Pearson, owner of the Financial Times, has also expressed an interest in taking control [illegible] MGN.

There [illegible] no sign at the moment that [illegible] able to make [illegible] bid for MGN because [illegible] continuing uncertainty about what [illegible] newspaper group's [illegible] and [illegible] are and how much the final [illegible] from [illegible] pension fund will turn out [illegible] be.

Management buy-outs are also being planned for AGB [illegible], the private Maxwell market research company, and for Maxwell Business Communications, [illegible] chain [illegible] 70 business publications which is part of MCC.

Hanson set to benefit from US $151bn infrastructure spending

By Andrew Baxter

PRESIDENT GEORGE Bush has given Hanson, the international conglomerate, an early Christmas present by signing [illegible] $151bn ([illegible].9bn) bill that could bring a much-needed boost [illegible] US profits at Beazer, the construction group it agreed to purchase in September for £351.4m.

Beazer's aggregates busi[illegible] the second largest in the US, stands to benefit from Wednesday's signing after two months [illegible] wrangling in Con[illegible]. [illegible] six years, $119bn of federal money will be allocated [illegible] road construction, and $31.5bn to [illegible] transit.

The possibility of a big [illegible] in infrastructural spending [illegible] mend the US' crumbling roads and bridges has hung tantalisingly [illegible] its building materials industry [illegible].

[illegible] had [illegible] on [illegible] upsurge in spending before falling victim in [illegible] $1.7bn bid by [illegible]. And Mr Brian Beazer was [illegible] enthused by the prospect [illegible] infrastructural spending underpinning his enlarged [illegible].

This, again, [illegible] to materialise, contributing [illegible] the down[illegible] of [illegible] by Hanson.

And [illegible] the deal [illegible] announced, Mr Martin Taylor, Hanson's vice-chairman, listed [illegible] forecast upturn [illegible] US infrastructural [illegible] of [illegible].

Last week, Hanson stressed it could not assume the bill would [illegible] signed when [illegible] takeover was announced. "[illegible] could always assume there would be some spending on roads, but the only thing you can [illegible] on Congress [illegible] do is raise taxes," said Mr John Wimberly, group vice-president of Hanson Industries in the [illegible].

The funding represents [illegible] 20-25 per cent increase on previous levels, according to Louis Nicoud [illegible] Associates, the US brokerage, with the main [illegible] be felt from 1993 onwards.

Mr Wimberly [illegible] Beazer's aggregates [illegible] would be the biggest beneficiary of the bill, along with its road paving business, where it is the largest asphalt producer. But other Hanson businesses, such as [illegible] also benefit.

There are caveats, however. Hanson will have to share the extra funds with a handful of other aggregates companies in the US such as Vulcan Materials, [illegible] industry leader, and hundreds of local prod[illegible].

There could [illegible] problems if [illegible] are unable [illegible] find [illegible] matching funds, averaging [illegible] per cent, required to receive the federal money. But Mr Wimberly suggested that states would [illegible] keen [illegible] do so rather than [illegible] their allocation switched to [illegible] neighbouring [illegible].

[illegible] will [illegible] have [illegible]erable leeway [illegible] switch their allocation for road-building into mass transit, which would reduce the benefits for Beazer's road-paving business if not its aggregates side.

Mr Wimberly [illegible] Beazer had a very good, if not dominant, market share in some states which had done well out of the funding because of high population – California, New York, Pennsylvania [illegible] Texas. However, the Beazer USA aggregates and construction services business only serves about 30 US states.

He said there was no question that the funding would enhance Hanson's US earnings, with benefits beginning to come through next [illegible]. But it was difficult [illegible] this [illegible] to give hard figures.

Much will depend on the extent to which the extra funding [illegible] aggregates prices [illegible]erally.

[illegible] demand [illegible] much [illegible] construction sector has [illegible] prices, but Mr Barry Nelson [illegible] Louis Nicoud said the bill "has to make prices higher".

Despite the infrastructural spending boost, Hanson still faces many other challenges in [illegible] US with [illegible] purchase, [illegible] the [illegible] in property [illegible] the private [illegible] commercial construction markets, [illegible] the possible environmental liabilities inherited from the former [illegible] chemical busi[illegible].

Lack of federal investment has depressed aggregates

Harvey plummets to £12m loss

HARVEY [illegible] THOMPSON, [illegible] pawnbroking and finance group, has fallen from pre-tax profits [illegible] £11.7m for the year to June 29, writes Roland Rudd.

The [illegible] largest pawnbroking [illegible] in [illegible] UK and [illegible] 26 branches provide [illegible] against collateral consisting mainly of gold [illegible] jewellery.

While [illegible] pawnbroking business [illegible] profitably, [illegible] was [illegible] enough [illegible] offset the disappointing performance [illegible] the group's hire purchase and leasing and trade finance sides.

The [illegible] said [illegible] was experiencing [illegible] in all three businesses, while there [illegible] a further [illegible] in the position of [illegible]. It added that there were no signs of [illegible] improvement in the [illegible].

It is against this background [illegible] recommending the disposal of the pawnbroking business, which will give [illegible] to an extraordinary profit [illegible] £5.6m. This will be [illegible] repay bank borrowings.

Cash America Investments is buying the business for £14.5m. The pawnbroking side [illegible] £4.1m [illegible] profits before interest of £1.9m during its last financial year.

Overall the group made operating profits of £892,000 (£2.08m), which was wiped out after exceptional costs and provisions of £12.6m.

The group made provisions against its hire purchase, leasing and trade finance books of £11.8m.

Mr Rupert Galliers-Pratt, chairman, was not available for comment last night.

There is no dividend; last time there was [illegible] final of 11.5p for [illegible] total of 16.5p. Losses per share were 235.13p (earnings [illegible]).

Casket buys Falcon Cycles

By Daniel Green

SOME of the UK's best-known bicycle brands joined forces yesterday as Casket, the leisure products group, bought Falcon Cycles from Elswick, the printing and packaging company, for £900,000.

Casket issued 4.1m new shares to raise the cash. These were placed with institutions by Robert Fleming, the merchant bank, at 22p each.

Falcon lost £220,000 in 1990, but Mr Joe Smith, Casket's chief executive, said that enough savings would be made for the deal to be earnings enhancing by 1993.

The deal brings together Falcon's Claud Butler and Holdsworth names with Casket's British Eagle and Townsend marques.

It takes Casket's share of the UK bicycle market to 15 per cent, at 1990 sales levels. Changes in the pattern of sales since then mean that when the acquisition is complete the figure will be nearer 20 per cent.

At completion, the net asset value of Falcon is estimated to be £2.4m. If a completion audit results in different figures, the price will be adjusted accordingly to a maximum of £1.3m.

M&G to launch mail campaign for new trust

M&G, [illegible] management group, is launching another investment trust, after it raised £246m for [illegible] Income Trust in October, [illegible] Philip Coggan.

The new trust will [illegible] run by the same fund [illegible] and follow [illegible] investment philosophy, [illegible] the £700m Recovery unit trust. The [illegible] has [illegible] very good long-term record, but has underperformed the [illegible] All Share Index over [illegible] past [illegible].

M&G [illegible] launching [illegible] mail campaign [illegible] persuade investors [illegible] pre-register for [illegible] issue, which will be launched in the new year. The [illegible] will [illegible] timed so [illegible] place their full [illegible] personal equity plan (Pep) allowance for each of the [illegible] years 1991-92 and [illegible] into the trust.

Shares held in Peps are free from income and capital gains tax. The ability to put £6,000 in [illegible] investment trust Pep new [illegible] has caused fund management groups to concentrate on investment trust marketing [illegible] the [illegible] or so.

Steetley EGM adjourment

By Michiyo Nakamoto

Steetley, the building materials group facing [illegible] hostile bid [illegible] rival building products group Redland, said [illegible] it will propose a further adjournment [illegible] EGM planned for January 8.

The group proposes [illegible] adjourn the EGM, [illegible] which shareholders [illegible] scheduled [illegible] vote on a joint venture [illegible] Tarmac, to a date not [illegible] than February 4, which is day 46 in the bid timetable.

The Redland bid for Steetley was launched just days before [illegible] Steetley EGM to vote [illegible] joint [illegible] in domestic building products [illegible] Tarmac, was originally scheduled to be held on December 18.

The Redland offer [illegible] conditional on the Tarmac deal not [illegible] 46 is the last [illegible] that Redland is allowed [illegible] provide any new information on its offer.

MCC banking facilities threatened by Chapter 11

By Andrew [illegible]

THE [illegible] banking facilities [illegible] Maxwell Communication Corporation may [illegible] jeopardised by the Chapter 11 proceedings protecting the [illegible] in [illegible] US, [illegible] joint administrators warned employees yesterday.

In [illegible] separate development, they also appointed Law [illegible]re Corporation as [illegible]pendent trustee [illegible] the [illegible] pension fund to act in the interests of its members.

The need for prior US court approval [illegible] MCC may borrow new funds added [illegible] new [illegible] to the [illegible] debate over whether the [illegible]tors or the [illegible] have [illegible] of the [illegible].

The position was due to be [illegible] in [illegible] New York [illegible] yesterday [illegible]. MCC is believed to be the first company which [illegible] sought protection from [illegible] creditors in both the UK, through an administration order, and [illegible] US, under Chapter 11.

Mr Colin Bird, [illegible] partner with Price Waterhouse and one [illegible] administrators [illegible], wrote [illegible] all 17,000 employees stating that while the company's bankers had agreed to advance funds in principle, the US courts could prevent these facilities being put in [illegible] before they were required.

He said he expected no developments on the [illegible] before Tuesday, and added: "I am [illegible] that you will be con[illegible] about your personal position but this is the only assurance that I can give until the situation is clarified."

He also advised the staff that any authority or signing power they previously have held has now been withdrawn.

Name change for Holiday Inns

By Michael Skapinker, Leisure [illegible] Correspondent

SOME OF the UK's best-known Holiday Inns, including those [illegible] Marble Arch and Swiss Cottage in London, are to change their names after a decision to [illegible] the [illegible] under which they are run.

[illegible] Hospitality, [illegible] dian company which owns 13 Holiday Inns in the UK, said it [illegible] Holiday Inns Worldwide that it should end [illegible] 20 year-old [illegible] agreement.

The companies said in [illegible] joint statement that the decision came after Scott's asked to be given [illegible] master franchise which would have given it control of the development of the Holiday Inn brand in the UK.

The remaining 20 Holiday Inns in the UK, including the hotel at Heathrow airport, will not [illegible] by the ending of the franchise agreement.

Most of the remaining UK Holiday [illegible] directly [illegible] by [illegible] Inns Worldwide, [illegible] subsidiary of Bass, the UK brewer.

Riva agrees refinancing after losses

[illegible] Alan Cane

RIVA GROUP, one of the UK's few [illegible] electronic point-of-sale equipment, has agreed refinancing proposals with [illegible] bankers after turning in losses before tax [illegible] £1.07m [illegible] six months to [illegible] 30. In the corresponding period, Riva had profits of £74,000.

Operating profits were £156,000 (£1.16m) before interest [illegible] of [illegible] and restructuring costs amounting to £277,000 (nil). Sales for the period, [illegible] £29.4m, were 8.8 per cent lower than last time's £32.2m.

Losses per share emerged at 4.8p (earnings 0.3p) and no interim dividend is declared.

The refinancing measures, conditional on the approval [illegible] shareholders, have been agreed with Riva's "London Club" of lenders – The Co-operative [illegible] Bank, Fennoscandia Bank, [illegible]ken and the TSB – and with Fosters Brewing Group.

The aim is to place the company on a sound financial footing to enable it to trade through the current recession and develop both in the UK and mainland Europe. In detail, the measures are that the London Club will convert approximately £2.6m of the [illegible]bt into [illegible] preference [illegible] remaining £6m will carry interest at 2 per [illegible] base rate and £1m of this will be provided by way of [illegible] on-demand overdraft facility.

NEWS DIGEST

RTZ moves to buoy its talc side

RTZ CORPORATION, [illegible] world's biggest mining group, is to tighten its grip on the talc market by buying [illegible] producer.

The company already owns [illegible] de Luzenac, Europe's leading producer [illegible] talc, [illegible] filler by [illegible] paper, paint and plastics [illegible] and for cosmetics.

Cyprus Minerals [illegible] the US has signed a letter of intent [illegible] sell [illegible] operations [illegible] RTZ. The terms have yet to be disclosed [illegible] Cyprus [illegible] the business will have [illegible] (£47.8m) in [illegible].

The [illegible] company said [illegible] talc/barite [illegible] about [illegible] while Talc [illegible] Luzenac's output [illegible] about 530,000 [illegible]. Consequently, the purchase [illegible] likely [illegible] double [illegible] 16 per [illegible] RTZ's share [illegible] ern [illegible].

In [illegible] annual report Cyprus said [illegible] operations continued [illegible] "underperform expectations" and market improvements would [illegible] required [illegible] them to acceptable [illegible] profitability. Cyprus [illegible] now given a warning that it will [illegible] an after tax charge of $24m relating to the sale which is expected to be completed sometime in the second quarter of 1991.

● Cyprus also warned it would take an after tax charge of $16m in connection with its southern Kentucky coal properties. This would cover holding costs, reclamation [illegible] an uncollectable coal [illegible]. There would [illegible] be miscellaneous charges from a November smelter [illegible].

Dwyer £3.9m in red and omits dividends

Dwyer, [illegible] property investment group, has implemented cost-cutting [illegible] after diving heavily into the [illegible] and passing its preference and [illegible]nary final dividends.

The pre-tax loss for the 12 months [illegible] end-September amounted [illegible] against profits [illegible] time, mainly reflecting a £3.26m write-down against investment properties. Profits [illegible] ating level amounted to £3.75m (£4.88m), [illegible] net interest charges of [illegible] (£4.01m).

[illegible] Desmond Bloom, chairman, said that the measures [illegible] being [illegible] ensure that rental income covers interest charges and overheads. He [illegible] executive directors have reduced [illegible] salaries by 10 per cent.

Following [illegible] year-end revalu[illegible] group's portfolio, [illegible] value fell from [illegible] 123p. However, [illegible] strong, Mr Bloom said, with a net worth approaching [illegible]. The group still has unutilised borrowing facilities.

Turnover amounted [illegible] £16.6m (£11.1m). [illegible] through [illegible] (2.05p). An interim dividend [illegible] 1.5p was paid in August, but Mr [illegible] indi[illegible] when payments would be [illegible].

Reduced loss at Radiant Metal

[illegible] Radiant Metal Finishing amounted [illegible] in the half-year [illegible] August 31, marking a [illegible] improvement on last time's [illegible] £61,236.

The [illegible] came [illegible] turn[illegible] of [illegible].

Northamber falls to losses of £980,000

Northamber, [illegible] Europe's largest personal computer distributors, fell into the red in [illegible] months [illegible] 31.

From profits [illegible] £219,000, the group tumbled [illegible] of £980,000, struck on turnover of £39.9m (£42.4m). In [illegible] April 30, Northamber reported pre-tax losses [illegible] £1.56m (profits £3.81m) after taking substan[illegible] and [illegible] provisions. At that time Mr David Phillips, chairman, predicted "another [illegible] year"; [illegible] reiterated this in his statement accompanying the [illegible].

Losses per share [illegible] 3.81p (earnings [illegible]).

Caspen Oil in the black with £59,000

Caspen Oil, [illegible] oil and [illegible] exploration company, ended the year to July 31 [illegible] pre-tax profit of £59,000.

This compared with losses [illegible] previous year end but represented a [illegible] decline from [illegible] profit [illegible] £144,000 achieved [illegible] interim stage.

Turnover of this USM-quoted company was [illegible] than halved [illegible] to £1.46m. Operating costs, however, fell from £794,000 [illegible] while [illegible] oil and [illegible] properties [illegible] fell [illegible] £1.72m [illegible] £317,000.

Earnings per [illegible] 0.47p [illegible] losses).

Mr [illegible] Luetchford, [illegible] man, said the oil business had produced a satisfactory performance [illegible] light of the restricted [illegible] capital [illegible] exploit the [illegible]ny's proven [illegible].

Illingworth Morris sees profits halved

Illingworth Morris, [illegible] Yorkshire [illegible] private more than [illegible] ago and had an acquisition [illegible] Jarmain [illegible] Son, one of Europe's largest wool scourers, investigated by [illegible] Monopolies [illegible] Commission in August, [illegible] taxable profits almost halved in the six months to September 30.

Profits declined to £1.13m (£2.16m) on turnover down [illegible] £23.1m (£27.7m) – turnover on continuing activities [illegible] £45,000 [illegible] £23.1m. However, the company said [illegible] the volume [illegible] wool processed had increased and the level of exports into overseas markets remained [illegible].

[illegible] £338,000 (credit £149,000) and [illegible] were exceptional charges of £55,000 relating [illegible] and [illegible]ganisation.

Below the line there was an extraordinary charge [illegible] (credit [illegible]) incurred in con[illegible] the DTI recommendations over the Jarmain [illegible]over. In its report the [illegible] proposed that Illingworth should dispose of three wool scouring lines.

Earnings [illegible] to 1.7p (3.3p) per share.

DG Durham slides £280,000 into red

[illegible] an "extremely difficult" first half [illegible] end-June DG Durham Group, [illegible] USM-quoted [illegible] broker, reported a pre-tax loss [illegible] £280,000.

[illegible] with a profit of [illegible] last [illegible] and [illegible] from [illegible] income up [illegible].

[illegible] per [illegible] 1.4p (2.2p earnings). There [illegible] no interim dividend (1p).

Mr Richard Read, chairman, said [illegible] broker had substantial problems arising in part [illegible] result of the loss [illegible] certain business [illegible] it had [illegible] following the acquisition [illegible] Monument Group together [illegible] Fine [illegible] account.

[illegible] travel industry had encountered very difficult trading conditions, particularly [illegible] the time of the Gulf war. Amer[illegible] an extremely [illegible] market, he said.

Sharp decline at Kelsey Industries

The [illegible] in [illegible] UK and the US adversely affected profits at Kelsey Industries in the year to September 30.

The solder, audio, video and industrial roofing group turned in profits [illegible] £1.44m pre-tax [illegible] an exceptional credit [illegible] £350,000 relating [illegible] a compensation claim. Profits [illegible] time amounted to £3.44m.

Turnover amounted [illegible] (£52.1m) including direct exports and [illegible] by overseas [illegible] (£27.9m). Earnings per [illegible] 20p (64p) and the recommended final dividend, payable [illegible] March 11, is cut to 18p for a [illegible].

£8m expansion at Airbreak Leisure

Airbreak Leisure, the tour operator, is to acquire [illegible] International, which provides sailing and club holidays in [illegible] Mediterranean, for a maximum [illegible].

[illegible] acquisition is to [illegible]fied by the issue of 12.6m new ordinary [illegible] shares, [illegible] 1.9m [illegible] institutional [illegible] Sunsail and £1.55m [illegible] unsecured non-interest-bearing [illegible] stock.

In [illegible] Airbreak [illegible] ing [illegible] via [illegible] 1-for-3 rights issue [illegible] reduce [illegible] enlarged group's borrowings.

Acsis agrees terms of £2m disposal

[illegible] Group, [illegible] continuity sales promotion, interior design [illegible] group, has [illegible] into [illegible] conditional agreement for [illegible] disposal [illegible] Acsis Recruitment Division, [illegible] principal recruitment businesses.

The disposal [illegible] Nursing Management [illegible], [illegible] nursing recruitment side [illegible] ARD.

The consideration will be £2m cash, [illegible] which [illegible] will [illegible] on completion with a further [illegible] in October 1992. An additional payment of [illegible] to [illegible] may be payable dependent on turnover.

Acsis also announced the [illegible] of [illegible] group's deferred consideration for NMS, capping the maximum further [illegible] payable [illegible] £3.67m.

Lep sells Belgian distribution side

Lep Group, the security and freight forwarding company in which ADT [illegible] a [illegible] per [illegible] stake, [illegible] sold its Belgian distribution companies for BFr32m [illegible].

The two companies, Lep Swift and Jean Vincent, [illegible] involved in [illegible] automotive parts and are being sold to [illegible] company owned by Mr Jean Vincent.

Iceland Foods expands in France

Iceland Frozen Foods Holdings has paid [illegible] (£980,000) [illegible] per cent [illegible] Au Gel, [illegible] French family-owned food retailer. Au Gel, [illegible] 16 [illegible] in northern France, was acquired through Iceland Overseas, a newly formed subsidiary.

Elect and Gen net asset value ahead

[illegible] and [illegible] Investment Company reported [illegible] increase in net [illegible] over [illegible] six months [illegible] November [illegible] 137.1p [illegible] 139.1p. [illegible] year [illegible] the figure had [illegible] 110.6p.

[illegible] was [illegible] (£1.67m) for earnings per [illegible] 1.71p (1.86p). [illegible] interim dividend is unchanged [illegible] 1.5p.

Waverley Cameron cuts interim loss

Waverley Cameron, [illegible] equipment and stationery group, reduced [illegible] seasonal interim pre-tax [illegible] from [illegible] to £248,000.

The result [illegible] the [illegible] months to September 30 [illegible] helped by a fall in interest charges to £448,000, against £810,000.

The company [illegible] the [illegible]fits [illegible] reorganisation [illegible] beginning [illegible] emerge.

Turnover was £20.2m (£26.2m) and [illegible] per [illegible] came out [illegible] (1.81p).

Danae Investment [illegible] value at 47.29p

The net [illegible] value per share [illegible] Danae Investment Trust [illegible] at 47.29p at November [illegible] compared with 40.19p [illegible] year earlier and 47.31p at the May 31 year end.

Net revenue for the half year improved from [illegible],836 [illegible] £239,846 for earnings per share [illegible] (3.26p). The interim [illegible] is [illegible] unchanged 3.375p.

Better first half for Bula Resources

Bula Resources (Holdings), the Dublin-based [illegible] gas explo[illegible] made [illegible] profit [illegible] I£34,000 [illegible] in the first half [illegible] 1991, compared with [illegible] which [illegible] reduced by [illegible] exceptional [illegible] I£118,000.

Despite a particularly weak US gas market, which resulted in a curtailment of gas production and prices down by 20 per cent, turnover rose 16 per cent to I£1.23m.

Kleinwort Charter net [illegible] rise

Kleinwort [illegible] Investment Trust reported net asset [illegible] of 172.25p [illegible] November [illegible] 157.8p a year [illegible]. However, at the end of May the figure [illegible] 184.6p.

[illegible] revenue for the year [illegible] end-November was £4.48m (£5m) and earnings per share came out at 5.49p (6.14p). A final dividend of 3.75p is recommended for a total of 5p (4.8p).

Safeland down but still in the black

Taxable profits [illegible] Safeland, the [illegible] group, fell from £309,000 to £31,000 in the six months to September 30. In the [illegible] profits were £335,000.

Turnover declined to £3.26m (£8.64m). Earnings [illegible] through down at 0.28p (1.11p) per [illegible]. The interim dividend is reduced to 0.14p (0.7p).

£6.6m disposal by New England Props

New England Properties, the target of a contested bid from TR Property Investment Trust, is to sell its retail [illegible] park at King's Lynn, Norfolk, to a pension fund for £6.6m.

The sale is conditional upon the board approving completion by January 24 1992 or TRPIT's offer lapsing. The offer has been extended until January 8, and New England has advised its shareholders to take no action.

Brunner Investment increases revenue

Brunner Investment Trust had [illegible] 174.74p at November [illegible] compared with 157.07p [illegible] earlier and [illegible] at the half-year stage in May.

Total income rose to £6.72m (£6.5m) and after-tax revenue moved ahead to £3.5m (£3.34m) for earnings per share of 5.46p (5.22p). A final dividend of 2.55p (2.3p) is recommended, lifting the total from 4.3p to 4.75p.

Plateau pays £3.22m for Quay Minerals

Plateau Mining, the precious metals exploration group floated in January 1990, is to pay £3.22m for Quay Minerals, a UK industrial minerals company.

The acquisition will be financed by a placing of 26.8m new shares at 12p each.

Plateau shareholders can apply for the new shares on the basis of up to 1.3369 shares for every ordinary held.

The vendors, Mr Owen Eastwood and Mr James Clark, will collect £3m cash and will retain 1.83m Plateau shares. They will be able to dispose of up to half the shares in the six months after completion of the sale but will hold the rest for at least a year.

Chartered WestLB has conditionally placed the other 25m shares with institutional investors and is underwriting the placing. Brokers are James Capel.

Plateau reported a pre-tax profit of £23,000 for the year to September 30.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Treasuries up as traders digest interest rate cut

By Patrick Harverson in [redacted] York and [redacted] Webb in London

LAST week's big [redacted] in interest [redacted] continued to provide a firm underlying tone to US Treasury prices yesterday, with bonds and notes rising in light pre-holiday trading.

In late trading, the benchmark 30-year bond was up [redacted] at [redacted] yielding 7.516 per cent. The two-year note [redacted] also firmer, up 1/32 100 1/32, yielding [redacted] per [redacted].

Trading opened in a buoyant mood as [redacted] and [redacted] picked up where they left off last week. The spark for that rally was the Federal Reserve's decision on Friday to cut the discount rate from 4.5 per cent to 3.5 per cent, and the Federal funds rate from 4.5 per cent to [redacted] per cent.

Although an interest rate cut had been expected, the market was surprised by the [redacted] of the [redacted] reduction, which indicated the depth of concern among policymakers about the [redacted] economy. In light [redacted]

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		[redacted]	[redacted]	[redacted]	+0.140	[redacted]	9.67	[redacted]
BELGIUM		[redacted]	[redacted]	99.7500	-	[redacted]	[redacted]	[redacted]
CANADA *		[redacted]	04/02	101.200	[redacted]	8.32	8.49	8.77
DENMARK		[redacted]	[redacted]	[redacted]	[redacted]	8.82	8.84	8.90
FRANCE	BTAN	[redacted]	[redacted]	[redacted]	-0.223	9.27	9.04	[redacted]
	OAT	[redacted]	[redacted]	[redacted]	-0.110	8.79	8.76	[redacted]
[redacted]		[redacted]	[redacted]	[redacted]	-0.140	[redacted]	[redacted]	[redacted]
ITALY		[redacted]	[redacted]	96.5400	-0.310	12.88	12.53	[redacted]
JAPAN	No 119	[redacted]	06/99	93.9636	-	[redacted]	[redacted]	[redacted]
	No 129	[redacted]	03/00	[redacted]	-	[redacted]	[redacted]	[redacted]
NETHERLANDS		[redacted]	[redacted]	[redacted]	-	[redacted]	[redacted]	[redacted]
[redacted]		[redacted]	07/98	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
UK GILTS		[redacted]	[redacted]	[redacted]	-15/32	9.99	9.88	9.97
		[redacted]	[redacted]	[redacted]	-20/32	9.75	9.57	9.94
		[redacted]	[redacted]	[redacted]	-29/32	9.51	[redacted]	[redacted]
US TREASURY *		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	7.41
		8.000	11/21	[redacted]	[redacted]	7.52	7.77	7.97

[redacted] closing. *denotes [redacted] closing [redacted] UK [redacted] 32nds., others in decimal

Yields: Local market [redacted] Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

last week, the market yesterday was not ruling out the possibility [redacted] cuts.

Comments yesterday from the [redacted] spokesman, Mr Marlin Fitzwater, intimating [redacted] for even lower [redacted] rates, provided extra [redacted] Treasuries.

While the strength [redacted] was [redacted] be expected, in light [redacted] the hopes for more [redacted] cuts, [redacted] buoyancy [redacted] long [redacted] more noteworthy.

[redacted] sharply, [redacted] long-dated [redacted] by [redacted] that [redacted] over-aggressive easing [redacted] monetary policy might revive inflationary [redacted] sures in the economy.

The weakness in oil prices, and the steady [redacted] in [redacted] of inflation over [redacted] past year, however, has tempered those fears and allowed [redacted] long [redacted] to participate fully in the rally.

■ TRADING in the European government [redacted] was [redacted] by a round [redacted] interest rate [redacted] yesterday which pushed prices lower, generally [redacted] thin [redacted].

The central banks [redacted] France, Italy and Spain raised interest rates in order to support their currencies following [redacted] Bundesbank's [redacted] to increase [redacted] rates last week. The rise in [redacted] strengthening [redacted] put [redacted] the other currencies within the exchange rate mechanism [redacted] Monetary System.

French Treasury [redacted] after [redacted] Bank [redacted] France [redacted] raise the [redacted] per [redacted] per cent. [redacted] per cent Treasury bond due 2001 [redacted] 0.14 [redacted] by [redacted] afternoon, [redacted]

In Italy, [redacted] central [redacted] by half [redacted] percentage point [redacted] 12 [redacted] cent, pushing long-dated [redacted] lower. The 10-year [redacted] due March 2001 closed at 99.16, down more than 20 points from Friday's close.

In Spain, the central bank raised its daily assistance rate by 25 basis points to 12.75 per cent, and its overnight repurchase rate by 25 basis points to 12.45 per cent.

The moves [redacted] prompted by last week's rise in German interest rates. German [redacted] ment [redacted] lower yesterday, following the release of disappointing money supply figures, [redacted] said. German M3 money grew 5.1 per cent on [redacted] annual basis in November, compared [redacted] 4.7 per cent in October. The Liffe bund [redacted] slipped from [redacted] opening of 87.44 to [redacted] in thin [redacted] ahead of [redacted] holiday break.

■ UK government [redacted] prices fell sharply on fears that [redacted] Bank [redacted] England may [redacted] to raise the base rate following the Bundesbank's decision last week to increase German interest rates.

The spate of interest rate increases elsewhere in Europe left gilt dealers feeling nervous. Traders pointed out that the money market had already discounted a rise in interest rates by shifting up to 11 per cent.

Gilt prices dropped across the maturity range, with long-dated issues the worst hit. The benchmark 11¾ per cent gilt due 2003/07 fell from 114¾ to 113 1/32, while the 10 per cent gilt due 1996 slid from its opening of 100¼ to trade at 100 1/32 by late afternoon. The Liffe gilt futures contract, which opened at 96.03, tumbled through the key support level of 96.00 to trade [redacted] 95.16 by the close of the day.

■ INTEREST rate increases in Europe [redacted] activity, [redacted] expect sharp [redacted] in several [redacted] when market participants [redacted] from [redacted] holidays in [redacted] year, AP-DJ reports.

[redacted] various [redacted] tors, traders expect [redacted] lira bond market to be the worst hit, especially bonds by supranational agencies on which Italians do not have to pay withholding tax.

This sector has seen a sharp fall in yields recently as investors rushed to load up on the belief that the Italian government was going to abolish this tax haven.

These fears, however, so far have proven unfounded, as a proposed amendment to the tax rules was dropped about two weeks ago.

FT/AISD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on [redacted] 23

[redacted] DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	106¾	107¼	+⅛	6.31	BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.70
ALBERTA PROVINCE 9 3/8 95	600	[redacted]	110¼	+⅛	6.35	COPENHAGEN TEL 8 5/8 96 LFr	[redacted]	[redacted]	[redacted]		9.23
[redacted] 8 1/2 00	400	[redacted]	107¼	+⅛	7.34	WORLD BANK 8 96 LFr	1000	96¼	97¼		9.10
[redacted] OF TOKYO 8 3/8 96	100	[redacted]	105¼	+⅛	6.90	ABN AMRO HOLDING 9 1/4 02 Fl	[redacted]	102¼	102¾	+⅛	8.87
BELGIUM 9 5/8 98	250	112¾	112¼	+⅛	7.17	UNILEVER 9 00 Fl	[redacted]	[redacted]	[redacted]		8.52
BFCE 7 3/4 97	150	104¾	105¼	+⅛	6.66	ALBERTA PROVINCE 10 5/8 96 C$	[redacted]	106½	106¾	+⅛	[redacted]
BNP 8 5/8 96	300	106¼	107	+⅛	6.79	BELL CANADA 10 5/8 99 C$	150	106¾	107¼	+⅛	9.32
BRITISH GAS 8 3/8 99	[redacted]	106¼	106¾	+⅛	7.28	BRITISH COLUMBIA 10 96 C$	500	104¾	105	+⅛	8.67
[illegible]						[illegible]					
YEN STRAIGHTS											
AUSTRIA 4 3/4 94	30000	98½	98¾		[redacted]						
CREDIT FONCIER 5 1/4 94	20000	[redacted]	98¾		[redacted]						
DENMARK 7 95	40000	[redacted]	104		5.64						
EIB 4 5/8 94	40000	97¾	98¼		5.59						
ELEC DE FRANCE 5 5/8 96	20000	99	[redacted]		5.86						
FINLAND 6 3/4 96	50000	102¼	102¾	+⅛	6.02						
INTER AMER DEV 7 1/4 00	[redacted]	108½	108¾		5.93						
KANSAI ELEC PWR 4 5/8 94	[redacted]	97¼	97½		5.90						
NIPPON TEL & TEL 5 7/8 96	[redacted]	100¼	100½		5.84						
NORWAY 5 1/8 95	[redacted]	98¼	98¾		5.67						
SNCF 6 3/4 00	30000	105½	105¾		[redacted]						
SWEDEN 5 5/8 95	20000	98¾	99¼		[redacted]						
WORLD BANK 6 3/4 00	50000	105¾	106¼		[redacted]						

CONVERTIBLE BONDS (continued)	Issued	Cnv. price	Bid	Offer	Prem.
HANSON 9 1/2 06 £	500	2.5875	[redacted]	[redacted]	[redacted]
HAWLEY 6 02 PREF	400	19.1	[redacted]	[redacted]	[redacted]
HILLSDOWN 4 1/2 02 £	150	3.97	114¾	115¾	[redacted]
LAND SECS 6 3/4 02 £	84	6.72	81¼	[redacted]	[redacted]
LASMO 7 3/4 05 £	[redacted]	[redacted]	[redacted]	78½	[redacted]
MITSUI BANK 2 5/8 03	[redacted]	[redacted]	[redacted]	90½	[redacted]
MOUNT ISA FIN 6 1/2 97	[redacted]	[redacted]	[redacted]	90¾	[redacted]
OGDEN 6 02	[redacted]	[redacted]	77¼	[redacted]	[redacted]
SMITH & NEPHEW 4 02 £	[redacted]	1.775	118¾	119¾	[redacted]
SUMITOMO BANK 3 1/8 04	[redacted]	3606.9	[redacted]	[redacted]	[redacted]
TEXAS INSTRUMENTS 2 3/4 02	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
THORN EMI 5 3/4 04 £	[redacted]	[redacted]	[redacted]	[redacted]	+[redacted]

* [redacted] available - previous day's price
† Only [redacted] market maker [redacted] a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price, the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: [redacted] in dollars unless otherwise indicated. Coupon shown is [redacted] = Margin above six-month offered [redacted] three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=[redacted] amount of bond per [redacted] expressed in currency of share at [redacted] rate fixed at issue. Prem=Percentage premium of the curr[redacted] price of acquiring shares via the bond over the most recent price of the shares.

Continental expects turnover to rise by 10%

By Andrew Fisher in Frankfurt

CONTINENTAL, the German tyre and rubber products company, expects turnover to rise by 10 per cent next year to around DM10bn ($6.5bn), with the world tyre market again growing by only 2 per cent.

The company repeated its expectation of returning to profit in 1992 after a loss this year caused by plant closure costs in Canada and provisions for restructuring and development.

It said, however, that the profit would not be satisfactory. In 1990, net profits fell by 59 per cent to DM93m.

Continental said 54 per cent of its expected sales next year would come from car and truck tyres, 24 per cent from ContiTech, its technical products unit, and 22 per cent from General Tire in the US. Germany would [redacted] of turnover. [redacted] will include DM460m from Nivis Tyre of Sweden, in which the company recently acquired the outstanding 51 per cent.

In North America, Continental said the second half of 1992 should see a slight economic revival, which would benefit General Tire. The European volume markets of France, Italy, Spain, and the UK were also showing signs of recovery.

The company said turnover this year rose by 9 per cent to DM9.3bn, of which tyres (Continental, Uniroyal, and Semperit) accounted for DM4.7bn, a rise of 12.5 per cent. General Tire's sales were down by 9 per cent to DM2.3bn as a result of the weak dollar and the poor state of the US vehicle market. ContiTech raised sales by 3 per cent to DM2.2bn.

Mövenpick stake sale draws mixed reaction

By Ian Rodger in Zurich

THE SALE of the controlling stake in Mövenpick, the Swiss restaurant and hotel group, to the Munich businessman, Mr August von Finck, received a mixed reaction in Switzerland.

Analysts are relieved that the group, which has seemed to lose its way in recent years, will at last be put in firm hands.

Union Bank of Switzerland immediately changed its rating on Mövenpick shares, which have under-performed the Swiss market for three years, from sell to hold.

At the same time, UBS analyst Thomas Kalbermatten was disappointed that Mr von Finck's offer for the controlling block of shares held by [redacted] group's founder, Mr Uli Prager, was not [redacted] to [redacted] shareholders.

Terms for the sale of [redacted] 15.2 per cent of the equity, which [redacted] 51 per [redacted] of voting rights, [redacted] disclosed.

There is also disappointment that the group, which is one of [redacted] great Swiss industrial success stories of the post-war era, is falling into foreign hands. The Tages Anzeiger, [redacted] leading [redacted], began its report of the news of [redacted] sale by noting that: "August von Finck is a foreign name [redacted] Switzerland."

Mr Prager [redacted] up his [redacted] in Zurich in 1948, adopting the distinctive name, Mövenpick, which [redacted] a seagull coming and taking a peck out of a sandwich. The idea was to provide good, but simple, meals at reasonable [redacted], and it caught on quickly as affluence spread.

[redacted] group is [redacted] of the largest [redacted] and restaurant [redacted] in Europe, with [redacted] more than 200 [redacted] taurants in 11 countries, including one at the [redacted] in [redacted] Square in London. Over 90 per cent of sales come from operations in Switzerland and Germany.

Sales last year were SFr866.1m ($623m), up 6.7 per cent, but pre-tax [redacted] before extraordinary [redacted] down [redacted] per [redacted] SFr20m. Market capitalisation is about SFr370m.

Things started to go wrong with the group shortly after Mr Prager retired in 1985, turning control over to his Austrian wife, Jutta. Mrs Prager, who had [redacted] active in managing the [redacted] division [redacted] several years, embarked on an ambitious expansion of the hotel division, which [redacted] yet to [redacted] fruit.

Following disputes with other directors, she withdrew [redacted] year and [redacted] now 75, resumed control. Although the Pragers have three children, they decided to sell out.

Praying for a miracle on Madison

Nikki Tait finds New York's big retailers unseasonally gloomy

MIRACLE On 34th Street – a touching tale [redacted] New York's Macy's department store [redacted] Christmas [redacted] – [redacted] had [redacted] annual TV showing. America's shopkeepers, by contrast, are still [redacted] a miracle.

"It's [redacted] disappointing season [redacted] far," [redacted] Dayton Hudson, the Chicago-based department store [redacted] which [redacted] Field's and Target [redacted] "It's [redacted] what people [redacted] is," [redacted] Mr Myron Ullman, vice-chairman of Macy's, after [redacted] heavily-indebted group last week unveiled [redacted] $155.4m [redacted] autumn quarter. [redacted] sentiment [redacted] widespread.

Bloomingdale's, in Manhattan: retailers are braced for [redacted] relatively quiet Christmas

Evidence suggests the problem [redacted] the number of people shopping than [redacted] they [redacted] spending. "I don't know [redacted] recession," remarked [redacted] Christmas shopper, vainly seeking [redacted] in Bloomingdale's, "[redacted] pretty busy [redacted] me."

Certainly, shopping malls [redacted] appeared fairly [redacted] – although Manhattan's [redacted] Avenue crush [redacted] marked [redacted] recent days [redacted] on [redacted] Friday after Thanksgiving.

The [redacted] question, however, [redacted] not whether shoppers [redacted] out in force, but how much they [redacted] buying [redacted] price. [redacted] for [redacted] couple of blocks [redacted] Avenue, [redacted] story [redacted] spelled [redacted] in large [redacted] signs. "Alligator bags – [redacted] off", [redacted] Lederer, a classy leather boutique. "25-35 per [redacted] reductions", shouts [redacted] Murphy, selling men's shoes.

This, [redacted] a premier shopping street, [redacted] Christmas [redacted] a few days away. "People [redacted] buying a lot [redacted] moderate merchandise," [redacted] one shopowner. "While sales might [redacted] in [redacted] for [redacted] ber, [redacted] margins might [redacted] improve as much [redacted] depressed figures [redacted] had been anticipated," suggested analysts [redacted] Oppenheimer, [redacted] Wall [redacted] brokerage.

The annual [redacted] of guessing whether retailing's crucial [redacted] will [redacted] flop [redacted] sell-out [redacted] taken on [redacted] additional [redacted] Consumers' reluctance to [redacted] their purses is viewed as one of the main obstacles [redacted] economic recovery.

According [redacted] Department of Commerce, [redacted] (with [redacted] sonal adjustment) [redacted] from $1,741.7bn in [redacted] in [redacted] prices [redacted] by [redacted] period.

[redacted] the [redacted] 11 months of [redacted], however, the picture [redacted] still. Seasonally-adjusted [redacted] for [redacted] period [redacted] put [redacted] $1,670.5bn, compared [redacted] $1,657.3bn [redacted] months of 1990. Consumer price inflation, meanwhile, [redacted] running [redacted] 2.9 [redacted].

The [redacted] common explanation [redacted] jobs. General Motors, IBM, Xerox, [redacted] Caterpillar – [redacted] – have all announced large-scale redundancy pro[redacted] in the weeks running [redacted] to Christmas. Pan Am, which was employing 10,000 people, mainly in Florida [redacted] York, simply folded.

[redacted] retailer with large [redacted] to the Californian market quotes a local [redacted] survey [redacted] high-tech [redacted] nesses. It found, [redacted] grimly, that 16 [redacted] planning to furlough workers without [redacted] over [redacted] holiday period. On [redacted] seaboard, [redacted] statistics have just revealed that New York State and [redacted] New Jersey lost [redacted] swingeing 300,000 jobs in the year [redacted] of October.

Assuming no last-minute [redacted] holiday, where [redacted] the [redacted] sector? [redacted] couple [redacted] companies [redacted] consistently bucked the High Street bloodbath. Wal-Mart, for example, relentlessly notches up earnings gains of [redacted] than 20 per cent, and aggressive expansion of [redacted] "warehouse clubs" [redacted] unlikely [redacted] in [redacted] style, opening [redacted] new [redacted] on [redacted] Year's [redacted].

At [redacted] other end [redacted] scale, [redacted] bankruptcy threat continues [redacted] hover over a smattering [redacted] chains. Those [redacted] already succumbed [redacted] include P.A. Bergner, [redacted] department [redacted] operator; Carter Hawley Hale, [redacted] California; and, just days [redacted] Cascade clothing and [redacted] boutique chain, whose [redacted] disappeared last month.

In truth, however, most retailers [redacted] gloomily unsurprised by [redacted] holiday [redacted] pattern – with the result that hugely overloaded stock positions, which plagued the sector in [redacted] exist. "We planned conservatively for [redacted] outset," [redacted] Mr Allan Questron, head of [redacted] bankrupt Federated/Allied Department Stores group, where outlets range [redacted] Jordan [redacted] The Bon Marche shops. "There [redacted] in-stock position going into Christmas," [redacted] Dayton Hudson.

It [redacted] certainly not [redacted] merriest [redacted] holiday sentiments. [redacted] it does, perhaps, suggest [redacted] pain may [redacted] contained.

Fairfax takeover completed despite court action

TOURANG, the successful bidder for Australia's Fairfax newspaper group, yesterday formally completed the acquisition, in spite of [redacted] court action brought by [redacted] rival bidder [redacted] Brown in Sydney.

[redacted] consortium's A$1.4bn (US$1.07bn) offer [redacted] week by Mr [redacted] Nicholl, [redacted] receiver appointed [redacted] Fairfax by a syndicate of banks, to which it owed A$1.3bn.

The [redacted] gives Mr Conrad [redacted] of the Daily Telegraph group, in the UK, [redacted] control of Fairfax, which publishes the Sydney Morning Herald, the Australian Financial Review, [redacted] Age, in Melbourne.

Independent Newspapers, the Irish [redacted] group [redacted] by Mr Tony O'Reilly, sought [redacted] federal [redacted] yesterday [redacted] prevent [redacted] completion on [redacted] grounds [redacted] the [redacted] contravened legal limits on cross-ownership of [redacted]. Justice Sheppard adjourned the [redacted] until February 4, giving Independent Newspapers [redacted] to [redacted] full [redacted] of claim. [redacted] it would [redacted] damages from Tourang.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in [illegible] number of [illegible] per [illegible])	Mon Dec 23 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% [illegible] at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Fri Dec 20 Index No.	Thu Dec 19 Index No.	Wed Dec 18 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (180)	706.97	-0.9	9.58	6.81	[illegible]	34.30	713.21	721.53	727.39	719.27
2 Building Materials (23)	820.50	-0.6	8.49	7.59	15.91	46.51	825.60	835.82	847.26	978.98
3 Contracting, Construction (29)	822.60	-0.2	9.09	9.01	16.13	51.42	823.87	833.45	846.20	1121.92
4 Electricals (10)	2266.56	-0.7	10.64	6.54	11.97	98.23	2283.13	2285.87	2317.98	1892.21
5 Electronics (26)	1652.81	-1.0	11.12	5.20	11.40	53.94	1670.22	1679.11	1687.96	1541.09
6 Engineering-Aerospace (8)	318.78	-0.9	16.95	8.15	7.18	18.52	321.55	323.81	323.56	403.36
7 Engineering-General (43)	443.27	-0.8	10.82	5.66	11.40	18.20	446.95	449.76	456.32	364.18
8 Metals and Metal Forming (9)	292.51	+2.0	2.23	12.03	-	25.83	286.87	287.73	293.12	403.29
9 Motors (12)	275.93	-1.2	9.38	8.73	14.15	17.56	279.25	282.44	287.67	294.24
10 Other Industrial Materials (20)	1413.04	-1.5	8.47	5.80	14.05	59.05	1434.12	1462.61	1462.66	1243.95
21 CONSUMER GROUP (189)	1499.05	-0.6	7.81	3.68	15.77	40.73	1508.19	1520.21	1536.01	1224.58
22 Brewers and Distillers (23)	1879.93	-0.5	8.99	3.77	13.45	49.14	1889.60	1899.96	1912.32	1591.91
25 Food Manufacturing (19)	1187.44	....	9.95	4.27	12.36	37.32	1187.59	1190.05	1203.16	1032.12
26 Food Retailing (17)	2273.64	-0.1	10.19	3.65	12.75	65.37	2275.58	2270.52	2303.81	2281.68
27 Health and Household (24)	4000.57	-0.4	5.14	2.41	22.36	72.62	4015.23	4079.33	4119.73	2552.46
29 Hotels and Leisure (24)	1168.26	-0.7	8.90	5.80	13.92	45.61	1176.58	1175.43	1186.73	1205.61
30 Media (23)	1315.36	-1.3	7.18	4.09	17.50	48.36	1332.47	1340.95	1340.94	0.00
31 Packaging, Paper & Printing (17)	689.22	-1.3	7.83	4.82	15.48	24.43	698.53	703.04	712.98	522.34
34 Stores (32)	930.75	-1.5	7.92	3.99	16.71	26.77	944.46	956.60	974.10	777.47
35 Textiles (10)	569.69	-1.3	8.13	5.45	15.69	22.28	577.39	580.22	584.60	411.36
40 OTHER GROUPS (112)	1135.83	-0.6	10.69	5.91	11.79	40.33	1142.94	1154.24	1164.75	1009.36
41 Business Services (13)	1272.97	-1.1	7.93	5.23	16.02	46.93	1287.26	1305.22	1329.05	0.00
42 Chemicals (21)	1322.19	-0.6	7.65	5.55	16.16	54.35	1330.78	1352.39	1370.59	1045.01
43 Conglomerates (11)	1203.24	-0.5	12.53	8.93	9.69	44.87	1208.70	1249.41	1280.25	1291.13
44 Transport (14)	2208.13	-0.9	5.81	5.12	22.66	79.12	2228.61	2250.98	2263.43	1899.25
45 Electricity (16)	1173.35	-0.6	15.46	6.34	8.42	27.53	1180.17	1194.69	1192.50	0.00
46 Telephone Networks (4)	1357.86	-0.3	11.56	4.62	11.30	30.42	1361.57	1359.97	1367.60	1164.99
47 Water (10)	2192.80	-1.0	19.47	7.25	5.66	151.44	2214.40	2237.81	2221.16	2188.87
48 Miscellaneous (23)	1642.57	-0.9	6.09	6.04	22.58	75.10	1658.00	1656.61	1682.66	1569.52
49 INDUSTRIAL GROUP (481)	1183.68	-0.7	9.03	4.92	13.85	39.66	1191.52	1202.49	1214.02	1035.33
51 Oil & Gas (19)	2105.65	-0.2	12.15	6.66	10.89	104.27	2110.22	2185.22	2204.73	2341.88
59 500 SHARE INDEX (500)	1264.75	-0.6	9.39	5.12	13.44	44.82	1272.46	1288.09	1300.34	1142.54
61 FINANCIAL GROUP (90)	682.86	-0.4	-	6.84	-	34.41	685.90	696.78	701.17	712.63
62 Banks (9)	808.67	-0.7	4.88	6.57	40.55	38.97	814.61	822.27	829.81	755.73
65 Insurance (Life) (6)	1368.96	+0.7	-	6.24	-	63.68	1358.92	1376.80	1382.21	1276.23
66 Insurance (Composite) (7)	462.25	-0.6	-	9.43	-	32.94	464.94	483.91	483.87	618.77
67 Insurance (Brokers) (10)	944.13	-2.1	8.64	7.09	15.24	49.46	964.33	978.78	981.33	994.74
68 Merchant Banks (7)	437.79	-1.1	-	4.89	-	16.06	442.65	448.10	450.77	358.51
69 Property (35)	787.79	+0.5	6.23	5.98	23.47	33.34	784.14	797.31	803.71	967.39
70 Other Financial (16)	225.10	-1.2	11.95	7.77	10.53	13.03	227.81	229.99	230.87	253.63
71 Investment Trusts (69)	1111.53	-0.5	-	3.92	-	31.82	1116.90	1120.53	1134.52	1008.16
99 ALL-SHARE INDEX (659)	1126.05	-0.6	-	5.30	-	41.78	1132.66	1146.78	1157.33	1036.52

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Year ago
FT-SE 100 SHARE INDEX♦	2345.4	-12.7	2353.0	2327.0	2358.1	2391.6	2413.6	2432.9	2440.8	2156.3

FIXED INTEREST

PRICE INDICES	Mon Dec 23	Day's change %	Fri Dec 20	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (27)	121.05	-0.18	121.27	1.72	12.18
2 5-15 years (27)	134.40	-0.53	135.12	2.13	13.36
3 Over 15 years (8)	142.90	-0.60	143.76	1.23	13.69
4 Irredeemables (6)	158.43	-0.66	159.49	1.91	13.68
5 All stocks (69)	132.48	-0.42	133.04	1.94	13.15
Index-Linked					
6 Up to 5 years (2)	166.70	-0.11	[illegible]	0.84	3.16
7 Over 5 years (9)	146.34	-0.29	146.77	0.62	4.64
8 All stocks (11)	148.03	-0.27	[illegible]	0.65	4.51
9 Debs & Loans (62)	113.96	-0.47	114.49	2.10	10.75

AVERAGE GROSS REDEMPTION YIELDS		Mon Dec 23	Fri Dec 20	Year ago (approx.)
British Government				
1 Low	5 years	8.99	8.90	10.03
2 Coupons	15 years	9.45	9.38	10.26
3 (0%-7¾%)	20 years	9.45	9.38	10.28
4 Medium	5 years	9.91	9.81	11.11
5 Coupons	15 years	9.58	9.49	10.61
6 (8%-10¾%)	20 years	9.53	9.45	10.48
7 High	5 years	10.13	10.04	11.22
8 Coupons	15 years	9.64	9.55	10.79
9 (11%-)	20 years	9.57	9.48	10.66
10 Irredeemables	†	9.65	9.58	10.40
Index-Linked				
11 Inflation rate [illegible]	Up to 5yrs.	4.10	4.06	4.09
12 Inflation [illegible] 5%	Over 5 yrs.	4.42	4.40	4.16
13 [illegible] rate [illegible]	Up to 5 yrs.	3.43	3.39	2.75
14 Inflation [illegible] 10%	Over 5 yrs.	4.23	4.21	3.98
15 Debs &	5 years	11.36	11.23	12.53
16 Loans	15 years	11.14	11.04	12.32
17	25 years	10.93	10.85	12.12

♦Opening index 2353.0; 9 am 2329.8; 10 am 2328.0; 11 am 2330.8; [illegible] 2333.6; 1 pm [illegible]; 2 pm 2334.8; [illegible] pm 2335.7; 3 pm 2337.7; 4.10 pm 2344.5; (a) 8.30am (b) 9.04am † Flat yield. Highs and lows [illegible], base dates, values and constituent changes are pub[illegible] in Saturday issues. A [illegible] of [illegible] is available from the Publishers, The [illegible] Times, [illegible] One, Southwark Bridge, London [illegible] 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of [illegible] and paper-based products [illegible] to these Indices. These are available by subscription [illegible] FINSTAT, [illegible] House, [illegible] Minories, London EC3N 1DY. Tel: 071-702 0991. CONSTITUENT CHANGES: DELETION: [illegible] ADDITION: British Borneo Petroleum [illegible] (41).

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	75	7
Other Fixed Interest	1	15	3
Commercial, Industrial	109	469	914
Financial & Property	36	256	487
Oil & Gas	9	35	47
Plantations	0	0	10
Mines	11	58	83
Others	40	55	50
Totals	206	[illegible]	1,601

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+or-
[illegible]							

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+or-
[illegible]							

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. § Offered to holders of ordinary shares as a "rights". † Introduction. ¶ Placing price. †† Reintroduction. ‡ Unlisted securities market. ◊ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ¤ Unit comprising of 5 Ords and 1 Warrant.

TRADITIONAL OPTIONS

- First Dealings [illegible]
- Last Dealings Jan. 3
- Last Declarations March [illegible]
- For settlement March 30

3-month call [illegible] indications are shown on this page.

[illegible] in ASDA, Bank [illegible] Betterware, [illegible] Dowty, Globe Petlm., [illegible] Lawrence, Lonrho, Natl. Home Loans, Prospect Inds., Ratners, Royal Insce., Smith & Nephew, Spring Ram and Tarmac. Put in Tarmac. Puts and [illegible] in [illegible] and Trafalgar House.

LONDON TRADED OPTIONS

Option	CALLS			PUTS		
[illegible]						

Brit. Aero (*309): 300 22½ 27½ 31 8½ 24 24½; 330 8½ 12½ 18 26 42½ 43½

BAA (*518): 500 33½ [illegible] 55½ 9½ 15½ 20½; 550 9 23½ 31½ 34½ 37½ 42½

Hawker Sidd. (*714): 700 43½ 60½ - 4 8½ -; 750 8½ 27½ - [illegible] 30½ -

Hillsdown (*154): 160 11½ 14½ 17 13½ 20 21; 177 4 - - 25 - -

FT-SE Index Calls 6,1[illegible]
Euro FT-SE Calls 666 [illegible]
Eurotrack 100 Index Calls [illegible]
*Underlying security price. † Long dated expiry months. Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	[illegible]	Charter Cons.	42	Ladbroke	21	Sears	8	■ OILS	
Allied-Lyons	50	Comm Union	40	Legal & Gen	33	SmKl Bchm A	60	Aviva Pet	2
Amstrad	4	Courtaulds	38	Lex Service	18	TI	39	BP	25
Astec (BSR)	5	Eurotunnel	35	Lloyds Bank	30	TSB	11	Burmah Castrol	44
BAT Inds	55	FKI	5	Lonrho	19	Tesco	27	Conroy Pet	7
BOC	[illegible]	FNFC	6	Lucas Inds	12	Thorn EMI	65	Gaelic Res	1
BTR	[illegible]	Forte	21	Marks Spencer	23	T & N	14	Premier Cons	4
Barclays	[illegible]	GKN	[illegible]	Midland Bank	18	Unilever	60	Shell	40
Blue Circle	20	Gen Accident	40	NatWest Bank	28	Vickers	15	Tuskar Res	1
Boots	33	GEC	16	[illegible] O Dfd.	41	Wellcome	70	Ultramar	20
Bowater	55	Glaxo	75	Racal Elect	8	■ PROPERTY		■ MINES	
Brit Aerospace	30	Grand Met	67	RHM	21	Brit Land	24	RTZ	44
British Steel	[illegible]	GRE	11	Rank Org	52	Land Secs.	41		
Brit Telecom	27	Hanson	16	Ratners	9	MEPC	38		
Cadburys	35	ICI	95	Reed Intl	38	[illegible]	[illegible]		

FT GUIDE TO WORLD CURRENCIES

The table below [illegible] the latest [illegible] rates [illegible] against [illegible] currencies on Monday, December 23, 1991. In some cases the rate is nominal. Market rates are the average of buying and selling [illegible] except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)	COUNTRY	£ STG	US $	D-MARK	YEN (X 100)	COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
[illegible]														

Special Drawing Rights December 20, 1991 United Kingdom £0.762463 United States $1.41058 Germany D Mark 2.19430 Japan Yen180.977. European Currency Unit Rates December 23, 1991 United Kingdom £0.714429 United States $1.33970 Germany D Mark 2.03300 Japan Yen170.410

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) [illegible]; (u) Currencies [illegible]; (v) Floating rate; (w) Cambodia, 17 December [illegible]. Rial revalued. [illegible] data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: [illegible]. Monday December 23, 1991

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Pool purchase price	Pool selling price
[illegible]		

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour. [illegible] NGC Settlements Limited

The top toys in Tokyo

Computer games, cuddly toy seals and the video version [illegible] Walt Disney's Fantasia are among [illegible] best sellers in Tokyo's toy shops this Christmas.

"Boys [illegible] for computer games. Girls and young [illegible] like the stuffed toys best," [illegible] Akira Hiyama, manager of Hakuhinkan, a store in Ginza, Tokyo's premier shopping district.

His best-seller is a a disc drive adapter designed to boost the performance of a game-playing computer. [illegible]ing for Y49,800 (£212) and made by Sega, a Japanese toy manufacturer, it is popular with teenagers.

Sega is also doing well with software. Sega's Sonic the Hedgehog, a game featurin[illegible] [illegible] trials and tribulations of [illegible] bionic hedgehog, has overtaken in popularity [illegible] Super Mario Brothers [illegible] made by Nintendo, a rival maker. Nevertheless, Nintendo games still figure prominently in Hiyama's top [illegible].

Sonic and Super Mario [illegible] [illegible] action games. *Older game fans – that means* anyone [illegible] 25 – tend to prefer "role" games in which players [illegible] [illegible] [illegible] [illegible] think as they play the part of a samurai or of Zerda, [illegible] monster-[illegible] fantasy hero.

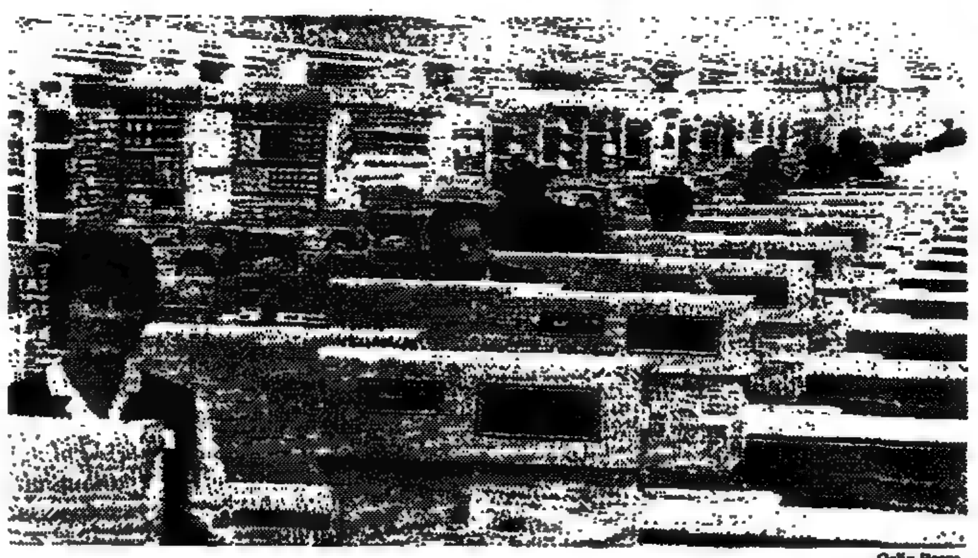
Second only [illegible] computer [illegible] in popularity are dolls and stuffed toys. This year's [illegible] [illegible] a cuddly kitten [illegible] miaows (priced [illegible] Y18,000) and two kinds [illegible] baby seal. "They're popular among [illegible] [illegible] who buy them for themselves, for each [illegible] [illegible] for [illegible] families," [illegible] Mr Hiyama. [illegible] top-[illegible] include Disney's Fanta[illegible] - in both Japanese and English - and [illegible] range [illegible] Thomas the Tank [illegible] toys.

Mr Hiyama says that Japanese parents leave the choice of gift entirely to the child. [illegible] presents [illegible] then beautifully wrapped and given on Christmas morning. Unfortunately, many parents [illegible] stay [illegible] witness their children's joy for [illegible] December 25 is a normal [illegible] day.

Stefan Wagstyl

Guy de Jonquières analyses the technological and logistical advances that are revolutionising the relationship between stores and their suppliers

Retailers plan for last-minute rush



Colin Beere

[illegible] link in the chain: electronic point [illegible] sale scanners [illegible] time spent at check-outs and give detailed information on which products are selling best and how fast

Recession [illegible] forced British [illegible] [illegible] resort [illegible] some desperate ploys to drum up trade. But [illegible] far, none has fallen back on that old stand-by – the "Shop Early [illegible] Christmas" sign.

The [illegible] is not just that warnings of last-minute shortages would cut little ice with consumers, who can see all too clearly that the most pressing problem for many stores is to shift slow-moving [illegible].

It is also because shopping patterns are changing rapidly. In the past few years, consumers have become more accustomed to being able to find what they want in the shops when they want it. As a result, they are leaving Christmas purchases later every year.

J. Sainsbury, for instance, [illegible] 50 per cent of its sales in the four weeks before last Christmas were made in the final 10 days of the period, up from 40 per cent in 1989. This year, it expects the proportion to rise to 60 per cent.

Mr David Sims, managing *director of convenience foods* at Northern Foods, says the peak selling period for Christmas biscuits has slipped two to three weeks in the past five years. Mr Bernard Matthews, a leading poultry breeder, says turkeys are now delivered to stores two weeks later than in the mid-1980s.

[illegible] [illegible] trends, [illegible] largely [illegible] [illegible] [illegible] [illegible] shopper, [illegible] [illegible] [illegible] in logistics and technology which have revolutionised management of the supply chain.

The furthest advances have been made by the food supermarket groups, which have invested heavily to bring operations closer to the "just in time" ideal. Three elements have [illegible] [illegible] *improve effi*[illegible].

- Streamlined distribution. Until [illegible] few [illegible] [illegible] most multiples [illegible] on manufac[illegible] [illegible] ship their products [illegible] the point of sale. [illegible] [illegible] do far [illegible] of the distribution themselves, receiving [illegible] all deliveries [illegible] large [illegible] depots and transporting [illegible] [illegible] their [illegible] in [illegible] own fleets.

Powerful computer [illegible] calculate optimal lorry loadings, routes and [illegible]uling. In spite of worsening traffic congestion, Marks and Spencer says its stores are replenished within 12 hours of placing orders, [illegible] most deliveries [illegible] within 30 [illegible] of [illegible] specified [illegible].

- *Electronic point of sale* (Epos) scanning systems, [illegible] in many supermarkets, shorten [illegible] spent [illegible] check-outs [illegible] provide detailed information on which products are selling best and how fast.

[illegible] present, orders are still prepared manually from infor[illegible] [illegible] [illegible] *check-outs* [illegible] collected by [illegible] using hand-held data ter[illegible] to check stocks on the shelves.

However, the [illegible] genera[illegible] [illegible] Epos equipment [illegible] [illegible] designed [illegible] [illegible] connected directly to depots and capable of transmitting replenishment orders automatically. It [illegible] already [illegible] trial [illegible] [illegible] [illegible] [illegible] S stores, [illegible] J. Sainsbury plans [illegible] [illegible] installing [illegible] in [illegible] [illegible] [illegible] [illegible] [illegible].

- Electronic [illegible] interchange (EDI) systems. T[illegible] networks, [illegible] a relatively [illegible] innova[illegible], replace laborious paperwork by transferring orders and invoices between computers in the retailers' depots and those in their suppliers' warehouses at the press of a button.

A central *objective of these* developments has been to enable supermarket chains to handle an increasing range of different products, [illegible]hile [illegible]trolling stocks more tightly.

J. Sainsbury, [illegible] instance, sells 14,000 products, double the number a decade ago, yet has reduced stocks as a propor*tion of sales by more than five* per cent a year since the mid-1980s. Today, it carries an average of 10 days' supplies, down from two weeks five years ago.

Equally important [illegible] more [illegible] [illegible] timely order forecasting. [illegible] Alastair Grant, chairman of Argyll, says that when the company acquired the Safeway chain in 1987, meat departments in the latter's stores had to estimate their supply needs nine days in advance. Improved information and distribution systems, coupled with computerised models of variations in daily sales patterns, mean that forecasts need now only be made 12 hours ahead. In effect, tomorrow's [illegible] *are increasingly* [illegible] on today's sales.

[illegible] [illegible] [illegible] good [illegible] for retailers presents a [illegible] challenge for suppliers, which now [illegible] [illegible] shoulder more [illegible] the responsibility for carrying [illegible] [illegible] adjust [illegible] [illegible] pre-[illegible] [illegible] [illegible] demanding order [illegible] delivery patterns.

"Modern technology [illegible] undoubtedly pushed the risk [illegible] on us," says one [illegible]tive of a leading British food manufacturer. "In the past, big retailers [illegible] [illegible] place their intents (planned orders) for [illegible] [illegible] July [illegible] August, [illegible] [illegible] was it. Nowadays you [illegible] a little."

Only [illegible] few years [illegible] [illegible]facturers [illegible] [illegible] [illegible]ing Christmas products [illegible] [illegible] fixed schedule. If goods sat on the shelves unsold, the retailers bore the cost. Now, retailers insist that deliveries [illegible] geared much closer [illegible] demand and [illegible] delay payment for early shipments. Furthermore, when large retailers [illegible] for deliveries, they expect manufacturers to comply within 24 *hours or less, against four to* five days previously. If M and [illegible] suppliers [illegible] a morning delivery, they [illegible] no longer allowed [illegible] make it [illegible] on the [illegible] run.

This more rigorous schedule has greatly increased the strain on suppliers, obliging [illegible] to [illegible] production more flexibly. To [illegible] sure of *meeting* demand, *Northern* Foods, for instance, [illegible] [illegible] [illegible] items such [illegible] [illegible] rolls [illegible] and bakes [illegible] [illegible] needed. Many [illegible] [illegible] have installed sophisticated glasshouse [illegible] [illegible] which [illegible] the growing cycle [illegible] [illegible] speeded up or slowed down.

Some manufacturers fear they will [illegible] an even bigger problem in the future. If pre-Christmas demand turns out [illegible] [illegible] expected, retailers [illegible] [illegible] scaling [illegible] orders placed [illegible] earlier, leaving suppliers with [illegible] unsold [illegible] [illegible] seasonal products.

[illegible] *if such* [illegible] *turn* [illegible] [illegible] [illegible] groundless, there [illegible] [illegible] growing feeling in [illegible] industry [illegible] [illegible] superior [illegible] [illegible] information [illegible] [illegible] [illegible]ers' technology has given them [illegible] unbalanced their relationship with manufacturers, saddling [illegible] [illegible] [illegible] unnec[illegible] [illegible] [illegible] [illegible].

Manufacturers [illegible] that [illegible] [illegible] need [illegible] [illegible] traditional [illegible] attitudes [illegible] work [illegible] closely [illegible] [illegible] *flexibility.*

"The [illegible] [illegible] [illegible] [illegible] to form partnerships with [illegible]ers," [illegible] Mr [illegible] Kitchener, distribution [illegible] [illegible] [illegible] [illegible]ts. "At present, [illegible] have EDI links [illegible] [illegible] transfer orders overnight, [illegible] all [illegible] [illegible] see [illegible] how [illegible] stock [illegible] moving from the warehouses.

"In future, [illegible] expect [illegible] [illegible] how [illegible] stock [illegible] moving from [illegible] stores. That means [illegible] retai[illegible] sharing with [illegible] their [illegible] [illegible] *and forecasts* [illegible] the point of sale. The technology [illegible] [illegible] [illegible] exists."

[illegible] and S, many of whose 200 food suppliers manufacture exclusively [illegible] [illegible] [illegible], [illegible] it [illegible] moving in that direction. [illegible] Tesco suppliers [illegible] it [illegible] [illegible] becoming [illegible] [illegible]. *J. Sainsbury, however,* [illegible] more hesitant.

Mr Hamish Elvidge, Sainsbury's director [illegible] branch services, insists it already gives suppliers "robust" forecasts. He says the group is still debating whether there would [illegible] any advantage for either [illegible] in providing suppliers with proprietary [illegible] collected [illegible] the point of sale.

The next Technology page will appear on Friday January 3, 1992.

POCKET COMPUTERS

HP aims at the Lotus user

By Paul Abrahams

BURGLARS raiding my flat last [illegible] made two mistakes. First, they left [illegible] £450 [illegible] Packard [illegible] second, they left their fingerprints all over the packaging.

The HP 95LX is worth stealing. This whizzy little machine, just small enough to [illegible] into [illegible] suit pocket [illegible] weighing in [illegible] 300g, [illegible] a justified best-seller in the US palm-top market.

Designed [illegible] [illegible] desk-top peripheral rather than a replacement, [illegible] computer [illegible] [illegible] *fairly* [illegible] *squarely* [illegible] the 15m-odd users of Lotus 1-2-3. The program [illegible] pre-loaded in [illegible] machine [illegible] can be used by pushing a button.

The [illegible] [illegible] [illegible] executives can put their spreadsheets [illegible] the HP 95, carry the [illegible] off in their pockets [illegible] then play with Lotus [illegible] [illegible] on the [illegible] or in other bored moments.

The spreadsheets, [illegible] other *data,* [illegible] [illegible] *up-loaded or* down-loaded using a connection program (an additional £68), or a clever infra-red device contained in the machine. [illegible] transmits [illegible] without any contact with the personal computer. The device can [illegible] [illegible] [illegible] for remotely transmitting documents to printers or other HP [illegible].

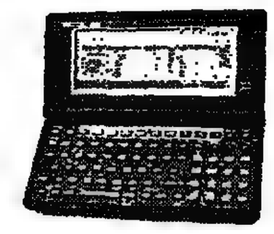
Also included [illegible] a calculator, diary, [illegible] [illegible] [illegible] memo pad. Access [illegible] these can [illegible] *gained, thankfully, without* using a single [illegible] code.

[illegible] [illegible] [illegible] programs can be run simultaneously, [illegible] [illegible] the 512k random [illegible] memory.

[illegible] programs [illegible] [illegible] run by using integrated circuit cards, which have [illegible] memory of 2mb.

Some built-in programs [illegible] prove useful. The [illegible]rency conversion program [illegible] the calculator was nifty and impressive, as was a depressing little program called "time value money" which all too quickly told me how much more my mortgage would [illegible] when the building societies put up interest rates. The numeric keys are handily laid out, [illegible] in [illegible] calculator.

The machine is not designed for word-processing, however.



This [illegible] recognised by Hewlett Packard, [illegible] calls the writing package "Memo Editor".

Although the keyboard is laid-out in Qwerty configuration, it's [illegible] [illegible] small [illegible] [illegible] for touch-typing. Even for hunt and pecking non-typists, it's pretty tiny.

The size of the keyboard [illegible] questions about [illegible] entry. The telephone/address book program [illegible] all very impressive, but the [illegible] of having [illegible] enter all [illegible] numbers from my personal organiser [illegible] horrific. I [illegible] bored after entering three. What is required [illegible] [illegible] flight [illegible] Japan accompanied by chronic insomnia, or [illegible] electronic method [illegible] down-loading from your PC. Such a program can be bought, according [illegible] Hewlett Packard, but [illegible] not available for testing.

There are one [illegible] [illegible] other gripes. [illegible] a couple of occasions I found myself stranded in applications without any means [illegible] exiting them.

The instruction manual [illegible] pretty useless. Weighing [illegible] at [illegible] [illegible] three times the weight of [illegible] computer, [illegible] [illegible] mostly unintelligible.

Even the separate "quick [illegible] guide" is unnerving: on [illegible] [illegible] [illegible] of [illegible] introduction [illegible] [illegible] calculator [illegible] the heading "If you [illegible] a [illegible] [illegible] [illegible] [illegible] Notation". The built-in help function [illegible] cumbersome.

These complaints aside, the [illegible] *95LX* [illegible] *an impressive* machine. Those lucky enough [illegible] receive one for Christmas will find it's good enough not to [illegible] one of those presents [illegible] for a couple of [illegible] and then abandoned in a [illegible] drawer.

Now, if only modern [illegible]ogy could track [illegible] burglars . . .

No room at the inn for LME metal deliveries

By Kenneth Gooding, Mining Correspondent

THE LONDON Metal Exchange, [illegible] world's main terminal market [illegible] physical metal, [illegible] having considerable difficulty finding enough storage space in [illegible] authorised warehouses. Metal is flooding in because of the recession still gripping much of the industrialised world.

The exchange has warned clients not to ship [illegible] checking that warehouse companies [illegible] enough capacity and the warehouse companies have been told that they must only accept metal when they have the capacity for proper storage.

The bigg[illegible] problem [illegible] been caused by Soviet aluminium exports, widely [illegible] to reach 1m tonnes this year, which have [illegible] a knock-on [illegible] at the LME. This unprecedented influx [illegible] aluminium has boosted [illegible] stocks to nearly 1m [illegible] so [illegible] and caused the exchange recently to change its regulations and give approval for [illegible] metal to be stored o[illegible] covered warehouses.

Dealers [illegible] that up [illegible] tonnes of aluminium is now stored outside but the exchange was unable [illegible] firm this.

Warehouse companies have been given detailed instructions [illegible] aluminium must be stored if it is in the open and all the outside sites [illegible] inspected by LME [illegible] adequate security.

"We are getting round the problem for the time being. We won't run out of space in the [illegible] term," said Mr Brian Dorkings, [illegible] member of the LME secretariat responsible for warehousing.

He [illegible] LME warehouses were looking for more [illegible] storage areas for aluminium. The exchange had also [illegible]d many approa[illegible] from listed [illegible] wanting [illegible] more [illegible] authorised for storing LME metal and from new wareho[illegible] LME listing. This involved an unprecedented [illegible] of extra travel by LME [illegible], "but [illegible] are coping."

Venezuelan alumina expansion completed

By Joe Mann in Caracas

INTERALUMINA, Venezuela's sole producer of alumina (aluminium oxide), has completed a US$350m expansion programme that has raised installed production capacity from 1.3m tonnes a year to 2m [illegible] a year, Mr Raul Nunez, according [illegible] the company's president.

The Venezuelan government [illegible] per [illegible] of Interalumina's equity through its heavy industry subsidiary, [illegible] CVG (Corporacion Venezolana de Guayana), while Alusuisse has 1.8 per cent.

Interalumina production this year will total about 1.5m [illegible], [illegible] from 1.4m [illegible]. The output level for [illegible] depend on demand, Mr Nunez said. "We want to optimise our income, [illegible] at [illegible] same [illegible] do not [illegible] to depress [illegible] market." The [illegible] this [illegible] sold about 90 per cent of its production to Venezuela's two aluminium smelters, Venalum and Alcasa, and exported the remainder. Since it first began operations in [illegible], [illegible] plant has produced above [illegible] capacity.

In spite of the depressed situ[illegible] aluminium market, [illegible] will [illegible] a profit [illegible] year, Mr [illegible] said. In 1990, the company reported a net profit of about $23.4m on sales of $300m.

Now that the current expan[illegible] plan has been successfully completed, the partners will consider [illegible] addition of a third production line [illegible]na's Ciudad Guayana plant, which would raise installed capacity to 3m tonnes a year.

Jamaica seeks bauxite markets

JAMAICA IS seeking alternative markets for 1m [illegible] bauxite which it should [illegible] sending [illegible] year to [illegible] Soviet Union, writes Canute [illegible]

Mr Carlton Davis, executive chairman of the Jamaica Bauxite Institute, said Jamaica would not unilaterally [illegible] [illegible] contract, which [illegible] run for [illegible] 1995. [illegible] contract [illegible] agreed with Raznoimport, a trading arm of the Soviet government, but the ore was being processed in a [illegible]nery in the Ukraine, which is now independent. "An outright cancellation of [illegible] is not being [illegible] at [illegible] moment," said Mr Davis.

Savouring the flavour of Christmas past

David Richardson explains why he prefers to have a really traditional turkey on his festive board

HALF-PAINTED cardboard [illegible] leant against the wall of the traditional red-brick barn; scenery destined for the pantomime to be staged in three weeks by the Wymondham, (pronounced Wyndham) Young [illegible] Club in Norfolk. [illegible] them [illegible] several brooders, small wooden structures like kennels on legs, used for rearing turkey chicks. The subject [illegible] my visit, my Christmas dinner, had spent a few [illegible] in one [illegible] them [illegible] May [illegible] June.

The young man I had come to do business with will be playing a village idiot in the forthcoming panto. He has [illegible] typecast in such ro[illegible] for [illegible] last few years because he is a natural comedian. [illegible] most comedians, however, he is far from being an idiot.

James Graham's family has been associated with turkeys for more than 100 [illegible] although its [illegible] has been threatened in [illegible] years by competition from [illegible] production [illegible] by European Community legislation, it now [illegible] thriving [illegible].

The turkeys Mr Graham produces are Norfolk Blacks. Like his grandfather before him, [illegible] prefers the old-time breed to modern white hybrids, which [illegible] breasts but also have less flavour. [illegible] no illusions [illegible] recapturing [illegible] bulk [illegible] from Bernard [illegible] Bootiful" Matthews, but [illegible] advertising [illegible] supplying ever-increasing numbers of discriminating individual [illegible] premium prices.

This year [illegible] for [illegible] the 1,000 or so birds he has reared and he plans to increase production by 25 per cent next year. This op[illegible] is based, he says, on a regular stream of telephone calls from people inquiring [illegible] the birds are kept and what they are fed. He believes he can satisfy them that his methods are welfare friendly and that the feed he uses is [illegible].

[illegible], however, that this year [illegible] to [illegible] temptation to [illegible] soyabean meal as a [illegible] of protein [illegible] it was cheap. The result, [illegible], is that the [illegible] not [illegible] white as he would like. Next year he will stick to UK horse beans mixed with home-grown cereals.

But his rearing and finishing methods are the same as those used by his late grandfather, Frank Peele, as I can confirm, having bought Christmas turkeys from the same farm since the [illegible]. The birds [illegible] kept in open fronted, strawed yards with perches enough for [illegible] all to sleep on at night.

I well remember the old man telling me that "turkeys are game birds and like all game birds they like to perch at night". He would also talk of the history of the different [illegible] of turkey and how they had been introduced to [illegible] country in [illegible] Century [illegible] the [illegible] America via Spain.

Long before that time the ancestors of our Christmas dinners and American Thanksgiving feasts provided meat, head-dress feathers and arrow flights for American Indians. Undomesticated descendants of those birds still run wild [illegible] several [illegible] and are capable of flying as far as a mile [illegible] up to 55m per hour when alarmed.

The natural colours of those original strains varied from black to bronze and gold with [illegible] of [illegible] in their tail feathers.

They also, of course, had the characteristic red wattle and fleshy dewlap on their heads. From those beginnings "improved" bigger-breasted breeds were developed in North America and in Europe (especially in Norfolk) until, in the UK, these became concentrated into two main types, the Bronze and the Norfolk Black.

It was not until the 1950s that white hybrid strains were bred by crossing [illegible] recrossing black turkeys until they produced [illegible] known in geneticists' [illegible] a "sport" or albino freak. The reason this was perceived to be necessary was to avoid the unsightly stumps of feathers, a few of which are inevitably left in the flesh of the darker feathered birds, and so enable laborious plucking to be mechanised.

Once white strains had been produced most subsequent development was concentrated on them to the point that their breasts became so enlarged that stag, or male turkeys, were unable to reproduce naturally and artificial insemination was introduced. Such is the price the turkey pays for the general preference for [illegible].

[illegible] old [illegible] would have none of it. "There's no flavour in these modern turkeys" he would say. "How can there be when they are killed, plucked and eviscerated within a few minutes and then stored in a deep freeze for months? A turkey is a game bird," [illegible] would remind me, "and game birds need to be hung to get the best flavour."

James Graham, his grandson, follows the old man's methods faithfully. The barn in which his gang of temporary student labourers works is laid out exactly as it was 50 years ago. He starts killing and plucking in the second week of December but then leaves the whole carcass to hang for a minimum of 7 days before beginning to eviscerate it.

A year ago it seemed that European Community regulations might soon outlaw this traditional method of preparing Christmas turkeys; that for supposed reasons of human health and hygiene all turkeys, indeed all meat poultry, would after January 1993 have to be processed immediately after slaughter.

As a satisfied consumer of such birds for many years I am delighted that new draft rules from the EC now appear set to give exemption to British poultry farmers who hang their birds in the old fashioned way. I do hope so and I am even prepared to pay more for tomorrow's dinner to help people like Mr Graham to stay in business.

My 21 pounder cost me £1.40 a lb when I collected it from his farm over the weekend. Had I bought a similar weight butter-basted bird in a local supermarket, I could probably have saved 30 per cent on the deal.

But I would not have had the added pleasure of visiting the farm where it was reared nor the extra flavour I believe hung birds contain. Rightly or wrongly my family and I will enjoy the meal more because of what it is and where it came from.

After all, Christmas comes but once a year and there is nothing wrong with a bit of make-believe occasionally. In a few weeks time, for instance, I may briefly believe that James Graham is an idiot!

The sweet smell of holy smoke

Oman is trying to revive its frankincense trade, writes **Andi Spicer**

WHEN FRANKINCENSE [illegible] along [illegible] gold [illegible] myrrh, [illegible] the infant [illegible] by the [illegible] men [illegible] present – among [illegible] most prized [illegible]modities of ancient times and out of reach of all but religious men, kings and queens and the wealthy, who used it in reli[illegible] ceremonies [illegible] on special occasions.

The gum [illegible] a gnarled and angular desert shrub called [illegible] Carterii, it [illegible] the major trading commodity in the southern part of the Arabian Peninsula, and the basis [illegible] economy [illegible] the now oil-rich and isolated southern Dhofar region [illegible] Oman. Now [illegible] Omani government is aiming [illegible] revive its production and marketing as part of a plan to [illegible] its economic dependence on oil production.

There are more than 20 subspecies of frankincense [illegible] only one grows in Oman [illegible] the only area on the [illegible] Peninsula where [illegible] [illegible] naturally. [illegible], Pakistan, Ethiopia and Somalia [illegible] small quantities.

[illegible] region produces 6,000 to 7,000 tonnes a year col[illegible] by [illegible]. But, according to government [illegible]cials, much more is produced [illegible] "spirited across the border" to [illegible] sold in Dubai. Each tree has an average yield of 10 kg, although [illegible] can yield [illegible] much.

"We have [illegible] grow [illegible] in plantations but it [illegible] unsuccessful," [illegible] Ahmed Shariff Al-Bakry, director of [illegible] and marketing of the [illegible] Authority for Marketing Agricultural Produce, "the best trees grow wild in [illegible] desert." [illegible] main problem is [illegible] and scarcity of labour in Dhofar.

But the trade is on the point of [illegible] large expansion [illegible] Oman's ruler, Sultan Qaboos, has included frankincense production [illegible] part of Oman's development programme, which aims [illegible] "improve traditional agriculture". The authority is looking at new domestic and export [illegible] is seeking [illegible] frankincense [illegible] west.

The gum [illegible] uses. It [illegible] principally a base for [illegible] and perfume, but it also has pharmaceutical properties and is used in traditional medicines to treat stomach, lung and kidney complaints. [illegible] poorest grade [illegible] used to [illegible] cosmetics, including eye [illegible] Roddick [illegible] been [illegible] collecting samples [illegible] possible use in Body [illegible] products.

"The [illegible] are [illegible] in [illegible] as a [illegible] product [illegible] not harmful to [illegible], [illegible] there are markets opening [illegible] newly emerging eastern Europe, [illegible] was a large buyer of frankincense [illegible] World War II. The [illegible] of the Catholic church in those countries [illegible] trade," says Mr Al-Bakry. He [illegible] argues that, although synthetic and low-cost frankincense oil is [illegible] widely in perfumes, [illegible] no [illegible] high-quality [illegible] which Omanis [illegible] beginning [illegible] produce. [illegible] oils [illegible] power longer, [illegible].

The [illegible] grows as high as 3 metres and, [illegible] many [illegible] plants, retains moisture and can withstand drought. The frankincense [illegible] harvested in a [illegible] rubber. A nick [illegible] in the bark [illegible] gum [illegible] over [illegible] period of [illegible] to 15 days. The hardened gum is then collected and dried.

The gum oozes out of a nick made in the bark

Dhofar is ideal for growing frankincense trees. The south-westerly monsoon brings fog, mist and rain – 13 to 38 centi[illegible] during [illegible] summer. [illegible] region's [illegible] high lime content and [illegible] relative humidity and temperature, especially between April [illegible] October.

There are three grades of frankincense. The premium quality is al-Hojari, grown in the eastern region, followed by Najdi grown in [illegible] Dhofar's central highlands – the Najd. Al-Sharzi comes from the [illegible] part of the Najd, and, lastly, al-Shaabi, from the coastal plain and rainy areas. The further the tree is from rainy and [illegible], the better the quality and quantity of [illegible]. [illegible] drier and salty air of the coast makes the resin [illegible] – quality is [illegible] by purity and the lightness of its golden colour. The marketing authority is striving to improving its quality control.

Frankincense was the [illegible] important commercial link [illegible] Europe, [illegible] well as Oman and the Arab world. But India was the largest market for Omani frankincense. The [illegible] its peak [illegible] 1840 and 1930 when shipments arrived twice yearly, in March and September. Most was shipped to Bombay and then sold on [illegible] consuming [illegible]. But after the World War II [illegible] fell away and synthetic oils took [illegible]. The [illegible] of [illegible] production will bring Oman back to its roots with [illegible] product that is still [illegible] with the world's [illegible] great [illegible] religions.

WORLD COMMODITIES PRICES

MARKET REPORT

Copper prices [illegible] downwards on [illegible] LME yesterday, [illegible] little [illegible] way [illegible] news [illegible] influence sentiment. [illegible] was winding down ahead of [illegible] long Christmas holiday. The price [illegible] three-month metal remained well above the $2,170-a-tonne support level, although sterling [illegible] were [illegible] on [illegible] strength of the currency against the dollar. Comex copper prices were lower [illegible] midday in [illegible] by one analyst [illegible] "dead as [illegible] door nail". The strength in [illegible] British pound tempered early weakness [illegible] prevented downside follow-through selling, [illegible]. But the market had [illegible] overall [illegible] which was [illegible] influenced by the disappointing [illegible] in [illegible] personal income. The currency [illegible] aluminium steady [illegible] the LME, [illegible] dollar [illegible] stimulate much fresh buying [illegible] many [illegible] absent. LME three-month tin [illegible] a tonne, touching [illegible] buy stops. The market [illegible] underpinned by news that Billiton's Dutch subsidiary will [illegible] Arnhem plant [illegible] the [illegible] of [illegible] year. [illegible] the bullion [illegible] gold edged [illegible] on a combination of light early buying, short covering and covering [illegible] option positions expiring on Friday.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil [illegible]		+ or -
Dubai	$14.45-4.50q	
[illegible]	$17.55-7.65	
[illegible]	$17.50-7.55	-.025
W.T.I. [illegible] pm [illegible]	$18.65-8.70q	
Oil [illegible]		
[illegible] delivery [illegible]		+ [illegible] -
Premium Gasoline	$196-199	
Gas Oil	$169-171	-1
Heavy [illegible]	[illegible]7-88	-1
Naphtha	[illegible]185-187	
[illegible] Argus Estimates		
Other		[illegible] or -
Gold [illegible] troy [illegible]	[illegible]	+1.30
[illegible] oz)♣	[illegible]	[illegible]
Platinum (per troy oz)	$342.25	
Palladium ([illegible] oz)	$80.15	
Copper (US Producer)	[illegible]	+1.2
Lead [illegible]	37.2c	+0.2
Tin [illegible] Lumpur [illegible]	[illegible]	[illegible]
Tin [illegible]	258.0c	+1.5
Zinc (US [illegible])	62.0c	
[illegible] weight)†	111.97p	+5.11*
[illegible]	174.57p	[illegible]
Pigs (live weight)†	90.62p	-1.36*
London daily sugar (raw)	[illegible]	[illegible]
[illegible] sugar [illegible]	[illegible]	+0.8
Tate and Lyle export [illegible]	£231.5	-1.0
Barley (English [illegible])	£125.5y	
[illegible] 3 [illegible]	£147.5y	
[illegible] (US Dark Northern)	[illegible]	
[illegible]	[illegible]	-0.50
[illegible]	[illegible]	[illegible]
Rubber (KL RSS No 1 Jan)	212.0m	-2.0
[illegible] oil (Philippines)§	[illegible]	
Palm Oil [illegible]	Unq.	
Copra (Philippines)§	$420t	
Soyabeans (US)	£146.5	-1.0
Cotton "A" [illegible]	61.35c	-0.05
Wooltops (64s Super)	415p	-2

£ a [illegible] unless [illegible] p-pence/kg. c-cents/lb. r-ringgit/kg. q-Feb t-Jan/Feb u-Jan/[illegible] y-Jan [illegible] average fatstock prices. * change from a week ago. ♥London physical market. §CIF [illegible] ♣ Bul[illegible] market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
[illegible]	[illegible]	[illegible]	High/Low	
Mar	194.60	194.80	196.00	194.20
[illegible]	[illegible]	[illegible]	192.20	
Aug	[illegible]	196.00	[illegible]	
[illegible]	[illegible]	[illegible]	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	274.8	274.3	[illegible]	274.8
Aug	279.2	[illegible]	280.9	278.5
Oct	261.2	261.2	262.9	261.1
Mar	262.7	261.2	263.9	261.9
[illegible]	263.7	261.2	264.8	

Turnover: Raw 285 [illegible] of 50 [illegible] White 307 (433)
[illegible] White (FFr per [illegible]) Mar 1461.25, [illegible] 1463.38

CRUDE OIL – IPE			$/barrel	
	Close	Previous	High/Low	
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	17.44	17.63	[illegible]
[illegible]	[illegible]	17.40	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jun	17.51	[illegible]	17.51	
[illegible]	17.45		17.45	
[illegible]	17.60			
IPE Index	[illegible]	[illegible]		

[illegible]

[illegible] OIL – [illegible]				[illegible]
	[illegible]	[illegible]	High/Low	
Jan	165.75	166.50	[illegible]	[illegible]
Feb	167.50	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	166.50	164.00
Apr	[illegible]	[illegible]	164.00	162.75
[illegible]	[illegible]	163.25	162.25	
Jun	162.00	163.25	163.50	162.00
Jul	164.25	165.25	164.50	163.75

[illegible] 10513 (12531) [illegible]

COCOA – London FOX			[illegible]	
	[illegible]	[illegible]	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	785	[illegible]	[illegible]
[illegible]	[illegible]	791	[illegible]	[illegible]
Jul	[illegible]	[illegible]	816	811
Sep	[illegible]	[illegible]	837	836
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	896	895	894
[illegible]	[illegible]		913	
Jul	[illegible]		927	
Sep	[illegible]	[illegible]	940	

Turnover: [illegible] (6507) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price [illegible] (983.87) 10 day average for [illegible] (977.78)

[illegible] – London FOX			[illegible]	
	Close	Previous	High/Low	
Jan	[illegible]	[illegible]	1001	991
Mar	[illegible]	[illegible]	1004	999
[illegible]	1010	1005	1008	[illegible]
Jul	1018	1014	1017	[illegible]
[illegible]	[illegible]	[illegible]	1030	

Turnover: 361 ([illegible]) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec.20: Comp. daily [illegible] 15 [illegible] average 63.50 (63.74)
[illegible] January [illegible]

POTATOES – London FOX			£/tonne
	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	118.7
Apr	[illegible]	117.9	[illegible]
May	[illegible]	138.0	

Turnover 253 (162) lots of 20 tonnes.

SOYAMEAL – London FOX			[illegible]
	Close	Pr[illegible]	High[illegible]
Apr	[illegible]	[illegible]	[illegible]
Jun	116.00		[illegible]

Turnover 11 [illegible] lots [illegible]

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Jan	1536	1546	[illegible]	[illegible]
[illegible]	1560		1550	
Apr	1569	1572	1565	[illegible]
BFI	1500	1508	1500	

Turnover [illegible]

[illegible] – London FOX			[illegible]	
Wheat	[illegible]	Previous	High/Low	
Jan	128.70	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	132.35	[illegible]	[illegible]
Jun	[illegible]	111.50	134.05	
Barley	Close	Previous	High/Low	
[illegible]	119.00	118.50	[illegible]	118.40
[illegible]	122.35	[illegible]	[illegible]	[illegible]

Turnover: [illegible] Barley 64 [illegible]
Turnover [illegible] of [illegible]

PIGS – London FOX		(Cash Settlement) p/kg	
	[illegible]	[illegible]	High/Low
[illegible]	106.0	105.5	[illegible]

Turnover: 1 (32) lots of 3,250 kg

NGMI – London [illegible]					
	[illegible]	Prev.	[illegible]	[illegible]	[illegible]
Indx	[illegible]	129.16			

LONDON METAL EXCHANGE		(Prices supplied by Amalgamated Metal Trading)			
	[illegible]	Previous	High/Low	AM Official	Kerb close	Open interest

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 16,399 lots
Cash	1111.5-2.5	[illegible]		1109.5-10		
3 [illegible]	[illegible]	1133-34	1137/1132	1132-2.5	1134.5-6	[illegible] lots
[illegible] A (£ per tonne)						Total [illegible] turnover 14,941 lots
Cash	1149-51	[illegible]	1151	1148-9		
3 months	1177-8	[illegible]	1180/1176	1175-6.5	1177-8	[illegible] lots
Lead (£ per [illegible])						Total [illegible] lots
[illegible]	[illegible]	[illegible]		286.5-7		
3 months	300-1	295-96	301/295	296-8.5	300.5-1	15,330 [illegible]
[illegible] ($ per tonne)						Total [illegible] lots
Cash	7185-95	7150-60		7195-200		
3 months	[illegible]	7180-5	[illegible]	7245-50	7235-40	19,380 lots
Tin ($ per tonne)						Total [illegible] turnover 892 lots
Cash	[illegible]	5525-35		[illegible]		
3 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5627-30	[illegible]
Zinc, Special [illegible] Grade ($ per tonne)						[illegible] daily turnover 5,637 lots
Cash	1170-4	1172-74	1169	1167.5-8		
3 [illegible]	1114-5	1115-6	1115/1110	[illegible]	1113-4	[illegible] lots
LME Closing £/$ rate:						
SPOT: [illegible]		[illegible]		6 months: 1.8199		[illegible]

LONDON BULLION MARKET		
[illegible] by N M Rothschild)		
Gold (fine oz) $ price		£ equivalent
Close	[illegible]	
Opening	[illegible]	
Morning fix	[illegible]	191.920
[illegible]	[illegible]	191.569
Day's [illegible]	[illegible]	
Day's [illegible]	[illegible]	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.74	6 months	3.45
2 [illegible]	3.75	[illegible]	3.39
3 [illegible]	3.67		

Silver fix	p/fine oz	[illegible] equiv
Spot	207[illegible]	389.00
3 months	[illegible]	393.10
6 months	[illegible]	397.10
[illegible]	229.80	405.10

GOLD COINS (Prices supplied by Engelhard Metals)		
	$ price	£ equivalent
Krugerrand	[illegible]	191.50-192.00
Maple leaf	370.00-371.00	197.25-197.75
[illegible]	87.50-88.50	46.50-47.50

[illegible]					
Aluminium (99.7%)	Calls		Puts		
Strike price $ tonne	Mar	Jun	[illegible]	[illegible]	
1000	[illegible]	158	[illegible]	[illegible]	
1100	82	88	[illegible]	27	
1200	11	38	[illegible]	76	
Copper (Grade A)	Calls		Puts		
[illegible]	97	109	17	40	
2200	[illegible]	[illegible]	[illegible]	85	
2300	11	28	120	153	
Coffee	Mar		Mar		
900	54		5		
950	22		[illegible]		
1000	7		39		
Cocoa	Mar	May	[illegible]	May	
750	100	88	30	28	
775	104	55	[illegible]	[illegible]	
800	[illegible]	41	54	51	
[illegible]	[illegible]	Mar	Feb	Mar	
1700	80				
1750			[illegible]		
1800			95		

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Close	Previous	High/Low	
Feb	18.78	[illegible]	18.85	18.30
Mar	18.80	[illegible]	18.84	18.41
Apr	18.90	[illegible]	[illegible]	18.50
[illegible]	[illegible]	18.71	[illegible]	18.60
Jun	[illegible]	18.76	18.90	18.67
Jul	[illegible]	18.81	18.95	18.73
Aug	19.10	[illegible]	19.02	[illegible]
[illegible]	[illegible]	18.91	19.05	[illegible]
Oct	[illegible]	18.96	[illegible]	[illegible]
Nov	19.25	19.01	19.15	19.00

HEATING OIL 42,000 [illegible]				
	[illegible]	[illegible]	[illegible]	
Jan	5184	5108	5230	5050
[illegible]	5332	5253	5375	[illegible]
Mar	5377	[illegible]	5395	5260
[illegible]	[illegible]	[illegible]	5310	5215
May	[illegible]	[illegible]	5205	5130
Jun	5180	[illegible]	5180	5100
Jul	5145	5095	5190	5082
[illegible]	5228	[illegible]	5270	[illegible]
[illegible]	[illegible]	[illegible]	5405	5380
Oct	[illegible]	5400	5520	5430

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	1313	1298	1313	1301
[illegible]	1351	[illegible]	1351	[illegible]
Jul	1382	1369	[illegible]	1370
Sep	1411	1401	[illegible]	1401
Dec	1438	1428	1438	1435
Mar	1475	[illegible]	1470	1470
[illegible]	1497	1484	0	0
Jul	1518	1506	0	0
[illegible]	1540	1527	0	0

[illegible]				
	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	77.85
May	81.30	80.85	[illegible]	80.50
Jul	84.00	83.20	84.10	83.15
[illegible]	[illegible]	85.75	86.65	86.20
[illegible]	[illegible]	[illegible]	0	0
[illegible]	[illegible]	[illegible]	92.75	92.40
[illegible]	94.35	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs; [illegible]				
	[illegible]	[illegible]	[illegible]	
Mar	[illegible]	[illegible]	[illegible]	8.84
[illegible]	[illegible]	[illegible]	8.90	8.75
Jul	[illegible]	8.72	8.82	8.67
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	8.68	8.64
[illegible]	[illegible]	8.80	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	[illegible]	[illegible]	High/Low	
[illegible]	156.20	[illegible]	159.50	[illegible]
[illegible]	158.20	162.00	[illegible]	[illegible]
[illegible]	156.80	162.60	[illegible]	158.50
Jul	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	158.95	160.50	[illegible]	[illegible]
[illegible]	146.25	150.00	[illegible]	[illegible]
[illegible]	144.15	[illegible]	146.00	146.00
[illegible]	144.15	147.50	0	0
May	144.15	147.50	0	0

INDICES			
REUTERS (Base: September 18 1931 = 100)			
Dec.20	Dec.20	mnth ago	yr ago
1590.1	1587.0	1623.4	-
DOW JONES (Base: Dec. 31 1974 = 100)			

	Dec.20	Dec.19	mnth ago	yr ago
Spot	111.85	[illegible]	[illegible]	129.97
Futures	119.25	[illegible]	122.46	126.51

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
[illegible]	[illegible]	358.6	[illegible]	[illegible]
Jan	359.8	359.1	0	0
[illegible]	361.0	[illegible]	362.7	360.7
[illegible]	363.2	362.5	364.8	362.8
[illegible]	[illegible]	364.6	366.2	[illegible]
Aug	367.8	366.9	367.9	367.7
Oct	369.8	369.0	0	0
Dec	371.8	371.2	372.2	372.0
Feb	374.1	373.6	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Dec	[illegible]	336.1	0	0
[illegible]	[illegible]	339.6	341.5	[illegible]
Apr	[illegible]	343.3	344.5	342.5
Jul	345.1	345.3	345.5	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	351.8
[illegible]	[illegible]	352.5	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	[illegible]	[illegible]	[illegible]	
Dec	[illegible]	[illegible]	389.0	386.5
[illegible]	390.2	[illegible]	389.0	[illegible]
Feb	[illegible]	[illegible]	0	0
Mar	[illegible]	387.8	[illegible]	388.0
[illegible]	398.9	[illegible]	398.5	391.0
Jul	400.1	394.2	401.0	398.0
[illegible]	403.3	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	402.4	[illegible]	[illegible]
[illegible]	410.1	[illegible]	0	0
[illegible]	413.9	[illegible]	0	0

HIGH GRADE COPPER 25,000 lbs; [illegible]				
	[illegible]	[illegible]	[illegible]	
[illegible]	97.40	96.60	97.60	96.30
[illegible]	97.70	96.90	97.60	96.60
[illegible]	97.80	96.95	[illegible]	96.50
Mar	97.80	[illegible]	[illegible]	96.20
Apr	97.65	[illegible]	0	0
[illegible]	97.45	96.75	97.70	[illegible]
[illegible]	97.40	96.65	96.40	[illegible]
Jul	97.30	96.60	97.20	96.60
[illegible]	[illegible]	96.65	0	0
[illegible]	[illegible]	96.50	96.40	96.40

COTTON 50,000; [illegible]				
	[illegible]	[illegible]	[illegible]	
Mar	58.94	57.80	59.22	58.58
May	60.43	60.95	60.69	60.35
[illegible]	61.80	64.15	61.80	61.80
[illegible]	63.65	65.37	[illegible]	63.85
[illegible]	64.08	65.87	[illegible]	64.08

Chicago

[illegible] bu min; cents/60lb bushel				
	Close	[illegible]	High/Low	
[illegible]	553/6	556/6	554/4	555/6
[illegible]	[illegible]	[illegible]	559/4	559/0
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb — [illegible]

SOYABEAN MEAL 100 tons; $/ton — [illegible]

MAIZE 5,000 bu min; cents/56lb bushel — [illegible]

WHEAT 5,000 bu min; cents/60lb-bushel — [illegible]

LIVE CATTLE 40,000 lbs; cents/lbs — [illegible]

LIVE HOGS 40,000 lb; cents/lbs — [illegible]

PORK BELLIES 40,000 lbs; cents/lb — [illegible]

Technic[illegible]

Oil price worry hits BP

Christie deal

The W[illegible]

Interim Resul[illegible]

LONDON STOCK EXCHANGE

Technical recovery cuts early losses

By Terry Byland, UK Stock Market Editor

SHARE prices struggled [redacted] their [redacted] in London [redacted]terday against [redacted] background [redacted] rising interest [redacted] throughout Europe and increasingly negative forecasts for the domestic corporate sector from analysts in the City of London. However, after falling 31 points in early trading, the FT-SE Index later halved its loss as technical factors, including the closing of overnight tax-orientated deals, came to the aid of the UK market.

Equities opened slowly [redacted] London's commuter network was again thrown into chaos by terrorist bomb incidents. However, once City dealing desks were fully manned, it was clear that the institutions were more active than had been *anticipated*. [redacted] completion of [redacted] transactions which had been started on Friday night [redacted] trading volume.

Account Dealing Dates		
First Dealings:		
Dec [redacted]	Dec 30	[redacted]
Option Declarations:		
Dec 23	Jan 9	[redacted] 23
Last Dealings:		
[redacted]	Jan [redacted]	[redacted]
[redacted]		
Jan 6	Jan 20	Feb 3

*New-time dealings may take place from 8.30 am two business days earlier.

Seaq turnover totalled [redacted] shares, against 724.5m in the previous trading session. Stock index futures, however, [redacted] a *relatively* [redacted] as the December contract on the Footsie, which expires on New Year's Eve, remained [redacted] to the underlying index.

Investment [redacted] in London [redacted] depressed as France and Spain [redacted] Italy in responding [redacted] the Bundesbank's [redacted] higher interest [redacted]. However, although [redacted] in London [redacted] signal [redacted] UK [redacted], a steady performance by the pound relieved [redacted] of [redacted] immediate [redacted] in [redacted] stock market.

Helped also by [redacted] firm opening [redacted] the [redacted] Wall Street session, where the [redacted] up [redacted] UK hours, [redacted] FT-SE Index closed only 12.7 down at 2,345.4. The low point of [redacted] day, [redacted] 2,327.0, came [redacted] and [redacted]sented [redacted] challenge to another testing [redacted] market.

Traders appeared [redacted] put [redacted] faith in the market's rally [redacted]ring yesterday's session. The [redacted] in [redacted] [redacted] in Europe [redacted] to [redacted] UK [redacted] little hope [redacted] avoiding [redacted]ing suit. Any [redacted] UK base rates would increase polit[redacted] on Britain's Con[redacted] and significantly [redacted] the [redacted] of [redacted] Labour opposition party winning the general election to be held next [redacted].

[redacted] and US brokerage [redacted] *downgrade London* [redacted] across [redacted] wide range of the mar[redacted]. The retail sector, having attracted bearish press com[redacted] last weekend, gave further ground [redacted] moved into the most crucial trading days of the year.

[redacted] setback among retailers was fuelled by [redacted] downgrading of the long-term debt of J. Sainsbury, one of the UK's leading [redacted] supermarkets, by [redacted] & Poor's, [redacted] placed Boots, another high street retailer, [redacted] credi-twatch list.

International blue chips [redacted] as traders [redacted] sterling [redacted] the pressures from [redacted] currencies. [redacted] ICI, [redacted] were limited to a few [redacted].

Growing concern [redacted] outlook for oil prices brought a sharp [redacted] in British Petroleum, and [redacted]ne other oil issues showed weakness. RTZ [redacted] to slide on bearish views of base metal prices. Among the bid stocks, [redacted] ground [redacted] £781.5m [redacted] from Williams Holdings was allowed to lapse.

Oil price worry hits BP

THE TUMBLING price of oil and recent cuts in analysts' forecasts prompted weakness in British Petroleum. Although the leading oil companies have often proved [redacted] as [redacted] when other equities are weak, [redacted] in BP, having fallen by 12 on Friday, lost a further 10 in early dealings yesterday before rallying to end [redacted] off on the day at 276p. Over the past two sessions 28m BP shares have been traded, 12m changing hands yesterday.

The price of North Sea Brent crude for February delivery wallowed around the $17.50 a barrel level. [redacted] oil analyst Mr [redacted] Antill [redacted] many brokers were assuming [redacted] oil prices [redacted] $21 a barrel in 1991 and $22 in 1992 but he would probably drop his 1992 forecast [redacted] $19 and $21.

Christie deal

Auctioneer Christie International was the most heavily traded stock yesterday after ADT, [redacted] security and [redacted] auction company, placed its entire Christie [redacted] of around 41.5m shares. The shares were sold to institutions [redacted] 110p apiece by [redacted] Court.

Christie, which announced that 38m of the shares were bought by [redacted] group Mercury Asset Management, rose 8 to 135p. ADT gained 12 to 330p. Following [redacted] sale, Mercury controls 27.24 per cent of Christie.

Northern Foods up

Food manufacturer Northern Foods rose sharply in early trading as one securities house found itself short of stock and prices [redacted] up elsewhere. [redacted] analysts said there was also speculation that [redacted] Fair Trading would today approve Northern's [redacted] for the Eden Vale and Express Dairy units of Grand [redacted]etropolitan, down 5 at 843p.

Northern [redacted] 10 [redacted] on the day at [redacted] after being [redacted] up at one stage. Turnover, in what is traditionally a tightly [redacted] stock, [redacted] just [redacted] 1m shares.

Supermarket chain J. Sainsbury held firm in spite of news that its long-term debt rating had been cut by Standard & Poor's. The [redacted] put on 2 to 354p.

However, with the market already jittery over the sector, [redacted] fortunate. *Boots declined 7 to 418p* and Kingfisher, subject to a downgrade in profits forecasts by US investment bank Morgan Stanley, fell 11 to 457p.

Supermarkets group William Morrison saw unusually heavy turnover after Hoare Govett placed the rump of the rights issue at 236p. The issue, which was 91 per cent taken up, was priced at 230p and the shares closed unchanged at 249p.

Industrial and construction materials company ECC weakened 15 to 448p on weekend press speculation that it had discussed a possible friendly bid for Steetley to counter the existing hostile approach from Redland. Steetley, which made a *statement* yesterday that neither confirmed nor denied this report, gained a penny to 336p. Redland firmed 4 to 420p.

Taylor Woodrow was 5 higher at 118p after the company said it would recommend a maintained total dividend of 9.5p per share for 1991.

An announcement from the water regulator Ofwat that South West Water could increase its charges over the next three years lifted the shares 14 to 324p.

British Telecom "new" [redacted]tinued to trade heavily as [redacted] government [redacted] moved through the market. The "new" had [redacted] of 23m and closed [redacted]. The "old" [redacted] a shade to 322¼p on 2.2m.

Downgradings of profit [redacted]casts for composite [redacted] yesterday [redacted] the warning from Sun Alliance of [redacted] losses than expected. [redacted] 6 off at 266p yesterday, announced [redacted] Friday [redacted] expected [redacted] the mortgage guarantee [redacted] its [redacted].

Specialty chemicals [redacted] Laporte slipped 10 [redacted] 577p [redacted] analysts [redacted] forecasts for [redacted].

MARKET REPORTERS:
Peter John.

■ Other [redacted]stics, including the FT-Actuaries Share Indices and London [redacted] Options, Page 14.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (7). OTHER FIXED INTEREST [redacted] '90-92, [redacted] (1) [redacted] HEALTH [redacted] Evergreen Rsd., TELEPHONE NETWORKS (1) Telefonica, TRANSPORT (1) Brit. Airways [redacted]

NEW LOWS [redacted]. BRITISH [redacted] (3) Ex. 13¼pc 1998, Tr. 14½pc [redacted] Tr. 8½pc 2007 A, AMERICANS (7) Chrysler, [redacted]corp, Pennzoil, Sun Inc., Tenneco, [redacted] Instr., [redacted] CANADIANS (2) Brascan Res., TVX Gold Inc., BANKS (1) Royal Bk. of Scot., BREWERS & [redacted] (2) Kirin, [redacted] A, [redacted] MATERIALS (7) [redacted] Evered [redacted], Marshalls, Meyer, Tarmac, Travis Perkins, Ward, BUSINESS SERVICES (3) Auto. Security, [redacted] Serve., CHEMICALS [redacted] Croda, Montedison, [redacted] Cannon St. Invs., Lonrho, Trafalgar Hse., Do. A, CONTRACTING & CONSTRUCTION (7) Lilley, Lovell (Y.J.), [redacted] (J), Prowting, Westbury, Wilson (C), [redacted] (G), ELECTRICALS (1) Oxford Instrs., ELECTRO[redacted] Nasit Data A, Northamber, P[redacted] Standard Platform, ENGINEERING [redacted] (2) Ransomes, [redacted] 8¼pc Pf., FOOD RETAILING [redacted] Low (Wm), [redacted] & LEISURE [redacted] Rank Org., [redacted]RANCE BROKERS (2) [redacted], Sturge, INSURANCE COMPOSITE (4) GRE, [redacted] Accident, Halnis, Sun Alliance, INSURANCE LIFE [redacted] Legal [redacted] Lon. & Manchester, [redacted] TRUSTS (15) Contra-Cyclical [redacted], [redacted] Cap., Drayton Recovery Prfd. Growth, Fmg. Emrg. Mkts., French Prop., [redacted]more Scot., German Smlr., Murray [redacted] Cap., Nth. Amer. Gen., RIT Cap., River [redacted] Merc. Wrrnts., River Plate Cap., Scot. Natl. Cap., TR Prop., Yeoman Inc., MEDIA (2) Thames TV, WPP, [redacted] (1) Kleinwort Benson, [redacted] Christies, Fitzwilton, Nobo, Shanks & McEwan, MOTORS (2) European Mtr., Lucas Wrrnts., OIL & GAS (12) Aviva Petm., [redacted], Brabant Res., Burmah, Cairn Energy, Enterprise Oil, LASMO, Norsk Hydro, Premier Cons., Presidio Oil A, Richmond Oil, Triton Europe, OTHER FINANCIAL [redacted] First Natl. Fin., King & Shaxson, Turkey Tst. Wrrnts., Union Discount, OTHER INDUSTRIAL MATERIALS (4) Allied Partnership, Conroy Petm., Nokia Prf., [redacted] PACKAGING, PAPER & PRINTING (1) NMC, PROPERTY (12) Barlows, Brit. Land, Brit. Land (Jersey) 8½pc Cv. 2011, Derwent Valley, Dwyer, Greycoat, Gt. Portland, Hammerson A, Land Sec., MEPC, [redacted] City of Lon., [redacted] Airways, P & O 5½pc Cv Prf., MINES (15) Buffels, Caltic [redacted], Dominion, Glencar Expl., Hartebeest, Northgate [redacted], Gwalia, Southvaal [redacted]

FINANCIAL TIMES STOCK INDICES

	Dec 23	Dec 20	Dec 19	Dec 18	Dec 17	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	[redacted]	86.92	87.10	[redacted]	[redacted]	[redacted]	[redacted]	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	90.90	97.49 (16/12)	90.59 [redacted]	[redacted] (28/11/47)	[redacted] (3/1/75)
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] (2/9)	[redacted] (16/1)	[redacted] (2/9/91)	49.4 (26/6/40)
[redacted] Mines	141.9	[redacted]	[redacted]	[redacted]	[redacted]	151.3	222.8 (11/7)	127.0 [redacted]	[redacted]	[redacted] (26/10/71)
FT-SE [redacted]	[redacted]	2358.1	[redacted]	[redacted]	[redacted]	2156.3	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 [redacted]
FT-SE Eurotrack 200	1071.77	1076.75	[redacted]	[redacted]	[redacted]	-	[redacted]	[redacted] (16/1)	[redacted] (3/9/91)	[redacted] (16/1/91)
●Ord. Div. [redacted]	[redacted]	5.12	[redacted]	5.01	[redacted]	[redacted]				
●Earning Yld %(full)	7.74	7.70	7.80	7.53	[redacted]	11.93				
[redacted]	16.21	16.31	16.53	16.68	16.75	10.12				
SEAQ Bargns 4.45pm	22,215	24,058	24,557	[redacted]	21,911	22,425				
Equity Turnover(£m)†	-	1187.58	1871.53	[redacted]	1012.62	243.36				
[redacted] Bargains†	-	[redacted]	[redacted]	[redacted]	[redacted]	21,921				
[redacted] Traded (ml)†	-	[redacted]	[redacted]	[redacted]	[redacted]	120.9				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.38.

[redacted] Share [redacted], [redacted]ly changes — Day's High 17[redacted] — Day's Low [redacted]

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
[redacted]	1771.1	1769.8	1770.8	1773.2	1773.5	1773.8	1776.0	1779.4

FT-SE 100, Hourly changes — Day's High 2353.0 — [redacted] Low 2327.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2353.0	2329.8	2328.0	2330.8	2333.6	2334.3	2334.8	2337.7	2343.6

FT-SE Eurotrack 200, Hourly changes — Day's High [redacted] — Day's Low [redacted]

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1066.67	1067.18	1067.85	1071.21	1070.94	1070.67	1071.71

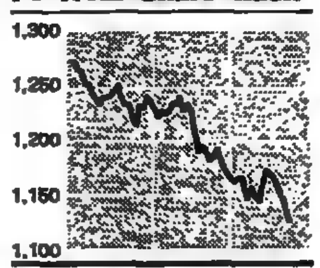
GILT EDGED ACTIVITY

Indices*	Dec 20	Dec 19
Gilt Edged Bargains	73.4	[redacted]
5 – Day [redacted]	77.5	81.1

*SE Activity [redacted]
†Excluding intra-market business & Overseas turnover.

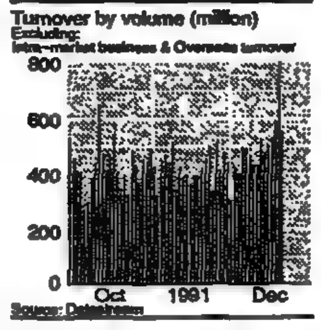
London report [redacted] latest [redacted] index: Tel. 0898 123001

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Source: Datastream

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	98	330	+12	Cookson	548	95	-2	Lucas	1,700	109	-1	Shell Transport	3,600	472	
ASDA Group	57,000	29½		Courtaulds	1,200	446	-1	MB Caradon	289	238	-4	[redacted]	316	484	-10
Abbey National	1,200	[redacted]	-1½	Dalgety	200	384	+5	MEPC	457	395	+4	[redacted]	119	227	
Albert Fisher	4,700	[redacted]	-2	De La Rue	11	467		Manweb	448	336	-2	[redacted]	448	439	-10
Allied-Lyons	1,800	607	-7	Dixons	2,700	[redacted]	-4	Marks & Spencer	5,300	253	-6	[redacted]	2,400	135½	+½
Amstrad	2,300	23	-1	ECC Group	848	[redacted]	-15	Midland Bank	1,300	185	-2	[redacted]	1,800	790	-4
[redacted] Water	1,500	[redacted]	-1	Eastern Elect.	28	235	-3	Midlands Elect.	304	274		SmKl Beecham Uts.	78	[redacted]	+20
[redacted]	482	[redacted]	-1	East Midland Elect.	68	230	-2	NFC	311	217	-7	Smiths Inds.	74	[redacted]	
[redacted]	774	[redacted]		Enterprise Oil	810	430	-11	NatWest Bank	[redacted]	271	-3	[redacted]	[redacted]	354	-1
[redacted]	1,100	[redacted]	-6	Eurotunnel Units	183	357	-1	National Power	[redacted]	137	-1½	[redacted]	[redacted]	293	+1
[redacted]	145	[redacted]	-1	FKI	1,700	48		Next	5,500	54	-2	South West Water	1,500	324	+14
BAA	1,300	516	-4	Ferranti	1,400	6¾		North West Water	1,000	338	-7	South West. Elect.	20	344	-4
BAT Inds.	1,200	573	-8	Fisons	2,000	310	-8	Northern Elect.	39	291	-3	Southern Water	389	321	
BET	1,800	172	-1	Forte	935	235	-2	Northern Foods	871	395	+10	Standard Chartd.	458	[redacted]	-4
BICC	680	309	-4	Gen. Accident	307	430		Norweb	65	279	-1	Storehouse	1,500	[redacted]	-4
[redacted]	1,300	580	-8	General Elect.	8,800	193½	-1½	Pearson	205	680	-15	Sun Alliance	402	[redacted]	-6
[redacted] Inds.	[redacted]	121	-2	[redacted]	2,000	777		[redacted]	2,400	420	-5	T&N	[redacted]	105	-2
BTR	7,300	365	-1	[redacted]	216	201		[redacted]	691	116	-2	TI Group	[redacted]	505	-12
Bank of Scotland	420	104	-9	[redacted]	334	155	-4	[redacted]	6,600	148	-1	TSB	[redacted]	115	-2
[redacted]	[redacted]	360		Grand Met.	1,700	843	-5	Prudential	690	[redacted]	+4	Tarmac	6,900	97	-4
[redacted]	[redacted]	580	-4	GUS A	455	1307	+5	RHM	1,300	[redacted]	+2	Tate & Lyle	1,500	382	+4
[redacted]	730	36		[redacted]	3,000	104		RMC	[redacted]	503	+3	Taylor Woodrow	4,400	118	+5
[redacted]	1,300	284	-2	[redacted]	835	275	-4	RTZ	[redacted]	492	-12	Tesco	2,300	207	-2
[illegible]	16	480		[redacted]	1,900	456	-1	Racal	8,800	48	-3	Thames Water	3,900	[redacted]	-3
Boots	2,100	418	-7	[redacted] 'A'	221	509	-3	Rank Org.	114	[redacted]	-8	Thorn EMI	384	720	-8
Bowater	170	637	-6	Hanson	5,700	[redacted]		Reckitt & Colman	990	[redacted]	-1	Tomkins	930	388	-9
Brit. Aerospace	891	310	-2	Hanson Warrants	578	17	+1½	Redland	384	420	+4	Trafalgar House	2,700	122	-2½
British Airways	3,600	213	+3	Harrisons Crosfield	1,000	165	-1	Reed Intl.	1,000	502	-7	Ultramar	1,400	283	-7
[redacted]	[redacted]	248	+4	Hawker Sidd.	11	714	-2	Rentokil	498	186	-4½	Unigate	438	286	
[redacted]	[redacted]	251	+3	Hillsdown	2,800	184	-3	Reuters	412	943	-6	Unilever	749	941	+1
BP	12,000	276	-8	IMI	164	214	-1	Rolls Royce	3,600	123	-1	United Biscuits	[redacted]	387	-3
British Steel	14,000	64½	+2	ICI	749	1110	-2	Rothmans	158	980	-6	Utd. Newspapers	[redacted]	314	-10
British Telecom	2,200	322½	-½	Inchcape	1,100	[redacted]	-8	[redacted]	1,200	146	-5	Vodafone	2,300	347	-9
Br. Telecom New	23,000	120¾	-1	Kingfisher	2,800	[redacted]	-11	[redacted]	10,000	216	-2	Warburg (SG)	161	505	-6
Bunzl	601	[redacted]	-3	Ladbroke	1,300	[redacted]	+2	Saatchi	1,300	11	-½	Wellcome	[redacted]	[redacted]	-10
Burmah Castrol	580	[redacted]	+3	Land Securities	254	447	+1	Sainsbury	991	394	+2	Welsh Water	[redacted]	[redacted]	-4
[redacted]	5,800	[redacted]	+½	Laporte	147	577	-10	Scottish & New	330	404		Wessex Water	[redacted]	387	-4
Cable & Wire.	1,900	[redacted]	-2	Legal [redacted]	385	[redacted]	-4	Scot. Hydro-Elect.	695	103	-1	Whitbread 'A'	[redacted]	405	-3
Cadbury Schweppes	638	[redacted]	-3	Lloyds [redacted]	150	[redacted]	+1	Scottish Power	1,300	101	-1	Williams Hldgs.	2,300	[redacted]	-8½
Calor Group	191	212	-3	[redacted]	885	[redacted]	-1	Sears	691	86	-1	Willis Corroon	385	[redacted]	-6
Carlton Comms.	305	433	-7	[redacted]	2,700	[redacted]	-7	Sedgwick	[redacted]	156	-6	[redacted]	223	112	-1
Coats Viyella	1,300	186	-4	London Elect.	188	[redacted]	-3	Seaboard	[redacted]	281	-6	[redacted]	148	307	-3
Comm. Union	637	486	+3	Lonrho	1,000	[redacted]	-3	Severn Trent Water	2,800	321	-6	[redacted]hire Water	442	386	-9

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday [redacted] 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

DERIVATIVES markets [redacted] London [redacted] relatively [redacted] yesterday, encouraged by [redacted] the underlying equity sector in the face of the move to higher rates [redacted] in Europe and [redacted] fear that the UK could [redacted] obliged to follow suit.

In [redacted] futures, [redacted] December contract on the FT-[redacted] with barely four trading [redacted] left before [redacted] on *December 31*, remained [redacted] a discount against [redacted] throughout yesterday.

[redacted] market had closed, December, taking [redacted] cue from firmness in [redacted] York equities, edged higher. However, [redacted] was little [redacted] behind this late improvement.

The danger that UK interest rates may have [redacted] be raised in line with other rates in [redacted] from increasing [redacted] of future con[redacted] which in part reflect the [redacted] of carrying [redacted].

In traded options, [redacted] was on the Euro FT-SE con[redacted] traders reacted to the successive increases in rates across Europe. Overall volume in traded options fell to 24,278 [redacted] from Friday's 30,241. In the Euro [redacted], 2,025 con[redacted] were traded, while BP, its [redacted] rival, had [redacted] of [redacted] as the shares fell.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
12¼pc 1992‡‡		[illegible]	—	[illegible]	[illegible]	12.73	[illegible]
10pc 1992		[illegible]	—	[illegible]	[illegible]	10.02	10.60
2pc IL 1992‡‡		[illegible]	—	[illegible]	[illegible]	[illegible]	9.03
8pc 1992 ‡‡		[illegible]	—	[illegible]	[illegible]	[illegible]	10.82
10½pc Cv 1992‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3pc 1992		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Exch 12¼pc 1992		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13½pc 1992		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 8¾pc 1993		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12½pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Funding 6pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.02
Treas 13¾pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14½pc 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 13½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas. 10pc Ln. 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	10.02	[illegible]
Exch 12½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	11.07	[illegible]
Treas 9pc 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 3pc Gas 90-95		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10¼pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 12¾pc 1995‡‡		[illegible]	[illegible]	[illegible]	[illegible]	11.76	[illegible]
14pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	12.49	[illegible]
9pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15¼pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.24
Exch 13¼pc 1996‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Conversion 10pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.15
Exch 10½pc 1997		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 8¾pc 1997‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 15pc 1997		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9¾pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 6¾pc 1995-98‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.35
15½pc '98‡‡		[illegible]	[illegible]	[illegible]	121¼	[illegible]	[illegible]

BRITISH FUNDS – Cont.

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
Exch 12pc 1998		[illegible]	[illegible]	[illegible]	104½	10.81	[illegible]
Treas 9½pc 1999‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 12¼pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 10½pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] 2000		[illegible]	[illegible]	[illegible]	110½	11.11	10.00
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.72
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.19
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	9.72	9.70
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 11[illegible] 2001-04		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Funding 3½pc '99-04		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Conversion 9½pc 2004		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] A		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas [illegible]		[illegible]	[illegible]	[illegible]	[illegible]	10.40	[illegible]
8pc [illegible]		[illegible]	[illegible]	[illegible]	79½	9.18	[illegible]
Over Fifteen Years							
Treas 11¾pc 2003-07		[illegible]	[illegible]	[illegible]	[illegible]	10.84	[illegible]
8½pc 2007 ‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8½pc 2007 A●		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13½pc '04-08		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.71
9pc 2008 ‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8pc 2009		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Conv 9pc Ln 2011 ‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9pc 2011 A		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] 1 B		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 5½pc 2008-12‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7¾pc 2012-15‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 12pc '13-17		[illegible]	[illegible]	122¼	[illegible]	[illegible]	[illegible]
Undated							
Consols [illegible]pc		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
War Loan 3½pc‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Conv 3½pc '61 Aft.		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Treas [illegible] '66 Aft.		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Consols 2½pc		[illegible]	[illegible]	[illegible]	[illegible]	9.77	—
Treas. 2½pc		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

BRITISH FUNDS – Cont.

	Notes	Price £	+ or -	1991 high	1991 low	Yield (1)	Yield (2)
Index-Linked	(b)						
Treas. 2pc '94	(102.9)	[illegible]	[illegible]	[illegible]	[illegible]	2.89	[illegible]
[illegible]	(67.9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.15
2½pc '01	(78.3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.40
2½pc '03	(78.8)	[illegible]	[illegible]	141¼	[illegible]	4.18	4.43
2pc '06	(69.5)	[illegible]	[illegible]	[illegible]	[illegible]	4.22	4.44
2½pc '09	(78.8)	[illegible]	[illegible]	[illegible]	124	4.34	4.44
2½pc '11	(74.6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.44
2½pc '13	(89.2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.43
2½pc '16	(81.6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.41
[illegible] '20	(83.0)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] '24‡‡	(97.7)	[illegible]	[illegible]	[illegible]	91⅛	[illegible]	4.36

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to [illegible]) and have been adjusted to reflect [illegible] of RPI to 100 in [illegible] 1987. Conversion [illegible] RPI for April 1991: [illegible] and for November 1991: [illegible]

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		[illegible]	[illegible]	107½	[illegible]	10.70	10.39
Asian Dev 10¼pc 2009		[illegible]	[illegible]	102½	91⅞	[illegible]	10.14
B'ham 11½pc 2012		[illegible]	[illegible]	[illegible]	100½	[illegible]	11.03
Ireland Cap 8½pc '10		[illegible]	[illegible]	[illegible]	[illegible]	8.90	—
9pc Cap 1996		[illegible]	[illegible]	[illegible]	[illegible]	9.77	—
13pc '97-02		[illegible]	[illegible]	118	109	11.38	—
GLC 6¾pc 1990-92		[illegible]	[illegible]	[illegible]	[illegible]	6.82	10.80
Hydro Quebec 15pc 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.11
Int-Am Dev 12½pc 2003		114	[illegible]	[illegible]	[illegible]	11.09	10.27
9¾pc 2015		[illegible]	[illegible]	[illegible]	[illegible]	10.87	10.22
[illegible] pc 2008		116	[illegible]	119½	110	[illegible]	11.15
[illegible] pc Irred		[illegible]	[illegible]	[illegible]	[illegible]	11.87	—
[illegible] Aft		27	[illegible]	27½	[illegible]	11.11	—
[illegible] 11½pc 2007		104½	-½	105½	[illegible]	11.27	10.90
[illegible] 'B'		[illegible]	-½	53½	[illegible]	8.77	9.88
[illegible] Anglia 3¾pc 2021		104½	[illegible]	106¼	[illegible]	—	5.52
4¾pc IL 2024		104½	-½	107¾	104	—	[illegible]
Sth Rhod 87-92 Assd		[illegible]	—	[illegible]	84½	[illegible]	—
Utd Mex States [illegible]		122	-½	125½	[illegible]	13.33	[illegible]

The Wharf (Holdings) Limited

(Incorporated in Hong Kong with limited liability)

Interim Results for the Half-year Period Ended 30th September, 1991

- Unaudited total Group profit for the six months ended 30th September, 1991 amounted to HK$842.9 million, representing an improvement of [redacted] over that achieved in the corresponding period last year.
- Unaudited Group profit before extraordinary items amounted to HK$802.9 million, an increase of [redacted] over the same period last year. Earnings per share were 38.3 cents per share.
- The Board has decided to change the Group's year end from 31st March to 31st December. The current fiscal period will consequently cover only the nine months [redacted] 31st December, 1991.
- The Board has declared an interim dividend of 14.5 cents per share, an increase of [redacted] over the preceding year, payable on 28th January, 1992 to shareholders on record as at 21st January, 1992.
- Core businesses of the Group, with the exception of hotels, operated at satisfactory levels.
- Rental income from the Group's flagship property, Harbour City, improved by approximately [redacted] over the previous corresponding period.
- Major development projects in Hong Kong and in Singapore totalling 6.7 million sq. ft. are progressing in accordance with plan. The Group [redacted] also finalizing plans, as a continuation of the redevelopment of Harbour City, to construct three quality waterfront office towers to be put [redacted] in phases to replace the remaining residential blocks.
- The Group's three hotels in Hong Kong achieved an improvement in occupancy but at the expense of achieved room rates. Omni Marco Polo Singapore recorded a similar decline as a result of economic slowdown. Omni Hotels North America continued to be [redacted] by the recessionary climate. Outlook is however [redacted] optimistic with the anticipated gradual recovery in 1992. In October 1991, the Group entered into a conditional agreement to acquire a 65% equity interest in Regent International Hotels Limited.
- Terminal and transport operations and investments achieved satisfactory results. In November 1991, the Group acquired a 24.33% equity interest in The Cross-Harbour Tunnel Company, Limited thereby making it [redacted] company.
- The Group will pursue its defined expansion plans of property and infrastructure business. Incremental gains in turnover will [redacted] gradually [redacted] these current non-trading assets become operational in the medium term future.

Summary of Unaudited Consolidated Results

Six months ended [redacted] September:	1991 HK$ Million	1990 [redacted] Million
Turnover	1,553.2	1,415.6
Operating profit	764.6	768.5
Share of pro[redacted] losses of [redacted]ted companies	161.0	50.4
Profit before taxation	925.6	818.9
Taxation	(88.2)	(85.6)
Profit after taxation	837.4	733.3
Minority interests	(34.5)	(41.9)
Group profit before extraordinary items	802.9	691.4
Extraordinary items	40.0	—
Group profit attributable [redacted] shareholders	842.9	691.4
Interim dividend	(304.2)	(262.2)
Transferred to revenue [redacted]	538.7	429.2
Earnings per share	38.3 cents	36.0 cents
Interim dividend per share	14.5 [redacted]	12.5 [redacted]

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+or-	1991 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.7
♥Allegheny & W.		[illegible]	[illegible]	[illegible]	218p	121.1	7.2
Amdahl		727pxd	+20	[illegible]	667p	[illegible]	0.6
Amer Cyanamid		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.6
Amer Express		[illegible]	—	[illegible]	[illegible]	4,045	5.7
Amer T & T		[illegible]	—	[illegible]	[illegible]	27,[illegible]	3.6
Ameritech		[illegible]	[illegible]	[illegible]	[illegible]	14,513	6.6
BankAmerica		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.8
Bankers NY		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.8
Bell Atlantic		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.6
BellSouth		[illegible]	—	[illegible]	25	12,[illegible]	5.6
♥Bethlehem Steel		[illegible]	—	[illegible]	[illegible]	[illegible]	3.6
Bowater		[illegible]	-2	[illegible]	[illegible]	[illegible]	6.4
CPC		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.4
California Engy		[illegible]	[illegible]	[illegible]	420p	[illegible]	—
Campbell Soup		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.9
Chase Manhattan		[illegible]	[illegible]	[illegible]	[illegible]	1,166	6.1
Chrysler		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.8
Citicorp		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Colgate-Palm.		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cont'l Bank		[illegible]	-9	[illegible]	[illegible]	[illegible]	[illegible]
Dana		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Data General		[illegible]	-8	[illegible]	[illegible]	211.[illegible]	—
Dial		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.5
Dun & Brad		27	[illegible]	[illegible]	[illegible]	[illegible]	4.5
Eaton		[illegible]	[illegible]	40	[illegible]	[illegible]	4.0
Echlin		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.0
FPL		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.9
Fluor		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.1
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING - AEROSPACE

[illegible]

ENGINEERING GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HEALTH & HOUSEHOLD - Cont.

[illegible]

HOTELS & LEISURE

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+or-	1991 High	Low	Yld Gr's	NAV	Dis or Pm(-)
Sphere Inc.		18½	—	39	18	27.9	20.0	7.5
Zero Div Pf		66½	—	69½	58¾	—	—	—
Warrants		3	—	5½	2¾	—	—	—
Strata		145	—	184	104	1.3	175.1	16.6
Stratton		147	—	168	120	1.7	171.8	14.5
TR City of Lon.		107	-½	121¼	90	5.7	105.5	-1.9
TR Euro Growth	s	84	-1	104	78	1.6	92.7	7.2
Pep Sub	s	58½	-½	68	40	2.5	—	—
TR Far East Inc.		77	—	94	56	7.3	88.6	14.3
Warrants		15	—	23	12	—	—	—
TR High Inc.	H	100	-2	115	85	8.8	92.3	-9.4
Sub	0	34	—	35	24	6.9	—	—
TR Pacific		67	—	92	49	0.5	77.3	14.0
TR Prop.		25xd	-½	37	25	7.7	34.3	25.6
TR Smaller		133	-1	155	98	3.7	140.7	4.8
TR Technology	M	32	—	52	20	7.7	80.0	60.0
Stepped Pf		89¾	-½	94½	70½	8.2	—	—
Zero Pf		164½	-1	168½	117½	—	—	—
Temple Bar	†	245	-3	279	210	6.4	264.8	6.0
8pc 2002		£114½	—	£114½	£102½	5.2	—	—
Temple Em Mkts.	ss	162	—	173	92	0.6	162.1	-1.1
Warrants		50	-1	63	27	—	—	—
1pc Cv 2001		£182½	+2	£187½	£90½	0.6	—	—
Thornton Asian		58	—	72	55	1.1	66.8	13.1
Warrants		9	-1	16	9	—	—	—
Thornton Pan Euro.		27	—	31	25	4.3	29.5	8.6
Warrants		5	—	10	5	—	—	—
Throg Dual Inc.		99xd	-1	108	93	11.8	—	—

[illegible]

MISCELLANEOUS - Cont.

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

MINES - Cont.

[illegible]

MEDIA

[illegible]

PROPERTY

[illegible]

MOTORS

[illegible]

TRANSPORT

[illegible]

MERCHANT BANKS

[illegible]

WATER

[illegible]

GUIDE TO LONDON SHARE SERVICE

[illegible]

q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.

[illegible] 1990.
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other

[illegible] prospectus or other official [illegible]
T Figures [illegible]
W Pro fo[illegible]
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

METALS & METAL FORMING

[illegible]

OIL & GAS

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

STORES

[illegible]

MINES

[illegible]

MISCELLANEOUS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1150 a year for each security shown, subject to the Editor's discretion.

FT Share Service

The following changes have been m[illegible] to the FT [illegible] Information Se[illegible]
Additions:
Baring Chrysalis Fund [illegible] & Warrants [illegible]ion: Other Financial)
[illegible] (Motors)
[illegible]ns:
Anglo Scandinavian Warrants (Investment Trust)
Finlay [illegible]ging (Packaging, Paper & Printing)
Sovereign Oil & Gas (Oil & Gas)
Staneico (Engineering General)

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AUTHORISED UNIT TRUSTS

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
[illegible]						

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Murray Johnstone UT Mgmt (1000)H						
7 West Nile St, Glasgow G2 2PX 0345 090 933						
Aquarius	5	64.70	64.95	69.32	-0.92	6.21
Aquarius Reserve	3	66.66	66.68	68.67	.....	9.63
American Income	5	122.05	122.10	129.40	-0.30	3.64
Equity Income	5	72.49	72.49xd	77.36	-1.40	6.41
European	5	49.56	49.56	52.89	.....	1.45
Far Eastern	5	99.92	99.92	106.60	-1.40	1.08
Smaller Cos	5	44.86	44.86xd	47.87	-0.35	2.72
Olympiad	5½	42.38	42.38	45.22	-0.57	1.04
Olympiad Income	5½	40.42	40.42xd	43.13	-0.45	6.34
UK Growth	5	67.82	67.82	72.38	-1.01	2.20

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the Government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 - 379 - 0444.

OTHER UK UNIT TRUSTS

[illegible]

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INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd.	102.7	108.1	.....	-
Pension Managed Fd.	101.1	106.4	.....	-
Life Deposit Fd.	111.4	117.2	.....	-
Pension Deposit Fd.	118.3	124.6	.....	-

For National Fin see Target Life

National Mutual Life
The Priory, Priory Pk, Hitchin, [redacted] 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	164.8	173.5	.....	-
UK Equity	171.0	180.1	.....	-
Overseas Equity	130.5	137.4	.....	-
Fixed Interest	163.4	172.0	.....	-
Property	129.1	135.9	.....	-
Index Linked	151.7	159.7	.....	-
Deposit	165.3	174.1	.....	-
With Profits (B)	135.2	142.4	.....	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	331.6	349.1	-3.3	-
UK Equity	411.3	433.0	-5.3	-
Overseas Eq.	313.9	330.5	-2.3	-
Americas	267.9	282.0	-3.3	-
Far East	330.6	348.0	-4.0	-
Property	193.3	203.5	+0.4	-
Fixed Int.	271.7	286.1	-1.4	-
Indexed Gilt	159.9	168.4	-0.5	-
Deposit	189.1	199.1	+0.2	-
With Profits	105.9	111.5	+0.1	-
Pension Fund (Accum Units)				
Managed	479.3	504.6	-5.1	-
UK Equity	556.1	585.4	-7.3	-
Overseas Eq	536.7	565.0	-5.1	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc.	203.5	214.7	-2.2	-
UK Fixed Int Acc.	192.2	202.8	-1.5	-
Intl Equities Acc.	161.3	170.2	-1.6	-
UK Managed Acc.	162.1	170.9	-1.4	-
Property Acc.	224.2	236.6	-0.1	-
Money Acc.	134.6	142.0	.....	-
Special Market Acc.	137.8	145.4	-0.6	-
Japan Equity Acc	89.3	94.2	-0.9	-
North American Acc.	92.3	97.4	-0.6	-
Pacific Acc	86.2	91.0	-1.1	-
Technology Acc.	112.2	118.4	-1.8	-
Nat Resources Acc.	49.6	52.4	-0.9	-
European Acc.	92.8	97.9	+1.3	-
Residential Prop Acc.	90.6	95.6	.....	-
Swiss Equities Acc.	30.7	32.4	.....	-
Hong Kong Acc.	65.4	69.0	-1.1	-
UK High Inc Eq Acc.	65.9	69.6	-0.5	-
Int. Fixed Interest Acc.	60.5	63.9	-0.1	-
Int Managed Acc.	53.5	56.4	-0.3	-
HIP Managed Acc.	108.4	114.3	-1.4	-
HIP Managed II Acc.	95.5	100.7	-0.7	-
HIP Managed III Acc.	103.8	109.4	-0.9	-
Total Investment Bond				
UK Equity Initial		137.9	-1.4	-
UK Fixed Int Initial		130.4	-1.0	-
Intl Equities Initial		108.6	-2.1	-
UK Managed Initial		110.0	-0.9	-
Property Initial		153.2	-0.1	-
Money Initial		91.8	+0.1	-
Special Market Initial		106.6	-0.5	-
Japan Equity Initial		69.1	-0.6	-
North American Initial		71.4	-0.5	-
Pacific Initial		66.7	-0.8	-
Technology Initial		86.8	-1.3	-
Nat Resources Initial		38.4	-0.6	-
European Initial		82.9	+1.1	-
Residential Prop Init.		86.2	.....	-

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar slides on rate cut fears

THE DOLLAR kept edging away from the D-Mark yesterday, reaching its widest differential in forty years, amid growing pessimism over the state of the US economy.

Comments from [illegible] White House that there was plenty [illegible] room for further rate cuts – even after Friday's 1 percentage point reduction to 3.5 per cent – left little doubt that the dollar was a sell.

This feeling was [illegible] by the official [illegible] a drop in personal income reflected [illegible] "flat, sluggish economy".

Traders were getting ready for a heavy exit in the new year, as there appeared to be some hesitancy to commit before December 30.

"[illegible]nks will open their new positions on currencies about then," said one dealer. "The important question will be whether the D-Mark has gone up far enough against other currencies."

The dollar fell more than [illegible] pfennigs, from DM1.5345 to DM1.5135, in European trading. [illegible] decline b[illegible]ht it to virtually [illegible] levels it [illegible] a year [illegible] wiping out the gains made immediately after the Gulf war. In [illegible] York the US unit recovered 58 points to [illegible] at DM1.5193.

The dollar's drift was one of [illegible] few bright spots [illegible] a psychologically testing day for the pound. Sterling took some welcome support from the dollar's weakness, rising from [illegible] to $1.8765. It finished 10 points down at $1.8755 in New York.

However, interest rate [illegible] in Spain, France and Italy gave some support to those currencies within the ERM at the expense of sterling.

During the day the pound "was close to looking fully extended against the peseta", commented Mr David Cocker of Chemical Bank. Sterling fell to Pta 181.10 at one stage, with Pta 180.59 being the pound/peseta base rate.

The D-Mark's strength [illegible]tinued to squeeze the pound, with the UK currency forced to test the DM2.84 level early in the morning.

Britain's floor within the EMS is DM2.835, and so traders [illegible] relieved [illegible] see a rally before the warning bells began to ring. However, [illegible] Bank of England had not intervened.

Traders said low volumes before the Christmas holidays had forced the smaller deals to move [illegible] [illegible]ket disproportionally.

Encouraging UK import figures – "a welcome sign amid all the [illegible] and gloom from the CBI," said Mr Cocker – put a plank under sterling, somewhat alleviating the downward pressure.

The 1.2 [illegible] cent rise in the value of imports into Britain in November is being viewed by economists as an encouraging sign that domestic demand is picking up and the UK may be in the throes of an economic turnround.

In spite of this, the UK currency remained firmly at the bottom of the grid – 1.5 per [illegible] below the next [illegible] currency, the Danish kroner.

Traders said that any test of the government's resolve to hold rates was not likely before the new year.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 23	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.675	-2.96	5.64	51
Belgian Franc	42.4032	41.9426	-1.09	3.64	46
D-Mark	2.05586	2.03500	-1.01	3.57	56
Dutch Guilder	2.31643	2.29450	-0.95	3.49	40
Irish Punt	0.767417	0.765542	-0.24	2.77	5
Italian Lira	1538.24	1544.07	0.38	2.13	-26
French Franc	6.89509	6.95906	0.93	1.57	-99
Danish Krone	7.84195	7.93315	1.16	1.34	-99
Sterling	0.696904	0.714429	2.51	0.00	-49

[illegible]

£ IN NEW YORK

[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

STERLING INDEX

[illegible]

CURRENCY MOVEMENTS

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

CURRENCY RATES

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

OTHER CURRENCIES

[illegible]

Taiwan	48.20 - 48.30	25.70 - 25.75
U.A.E.	6.8100 [illegible]	3.6715 - 3.6795

*Official rate. Floating rate £-2578.0 $-1421.0

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

PARIS

[illegible]

POUND - DOLLAR

[illegible]

BASE LENDING RATES

Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bank	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	[illegible]
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	[illegible]	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

All talk, no action

GOD [illegible] ye merry, gentlemen could have [illegible] the money market [illegible] yesterday, with trading being exceptionally thin before the Christmas break.

Sterling managed to hold [illegible] own during [illegible] day, [illegible] little selling in the market. [illegible] its resilience was attributed to the market's fatalistic view of UK [illegible] following [illegible] news [illegible] France, Spain and Italy had all increased their lending rates.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

"Everything from one month to one year is above 11 per cent," said [illegible] dealer. "Banks are holding sterling as it looks like [illegible] might have [illegible] rise."

The UK remains the only ERM country [illegible] hold its [illegible] steady. The [illegible] England gave a decisive indication early in [illegible] day that there [illegible] no [illegible] lurking around the [illegible] when it moved [illegible] stem the £1.03bn shortage [illegible] usual [illegible]

The shortage was greater than normal, although [illegible] believed this was because banks were clearing balance sheets before the year-end.

There was no indication [illegible] any intervention from the Bank [illegible] England and, indeed, [illegible] was not much [illegible] of it, in spite [illegible] talk of severe pressure on sterling. [illegible]nally thin trading made it [illegible] the Bank [illegible] and ride out [illegible] uncertainty. "There [illegible] no [illegible] selling out there," said one dealer. "The prices being quoted [illegible] just not being traded."

[illegible] UK [illegible] was being priced into [illegible] short sterling, which [illegible] a good indication [illegible] markets [illegible] will [illegible] in [illegible] next three months. The three months inter-bank [illegible] firmed slightly from 11-10⅞ [illegible] 11⅛-11 per cent.

Economists were more wary of [illegible]h pessimism, holding out [illegible] party [illegible] theory on any rate rise. The Conservatives, facing an April [illegible] May general election, [illegible] afford [illegible] increase while they [illegible] neck and neck with Labour in the opinion polls.

Talk began to [illegible] of [illegible] realignment, although that would involve a sharp Tory turnround on inflation. "That has been seen as a priority," said one dealer, "and devaluation, [illegible] effect, would import inflation."

In Germany, a much [illegible] than expected reserve requirement – [illegible] opposed to DM73bn – sent banks running for funds. Call money [illegible] 9.5 per [illegible] Bundesbank injected [illegible] DM2bn [illegible] DM4bn.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

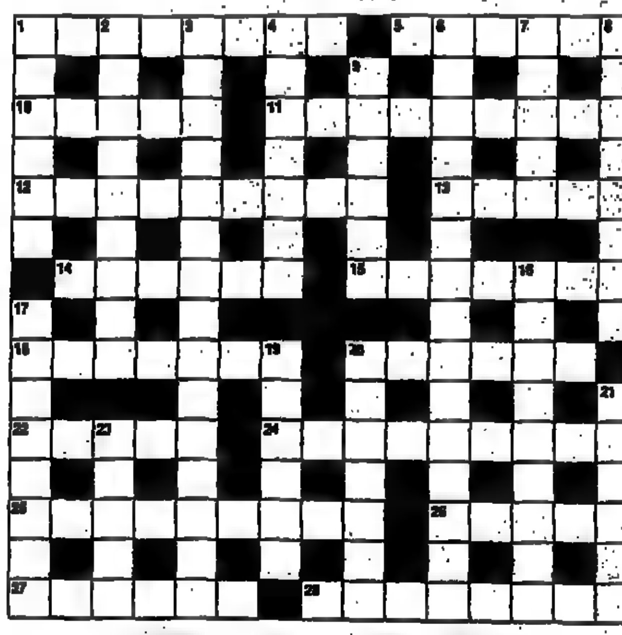
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

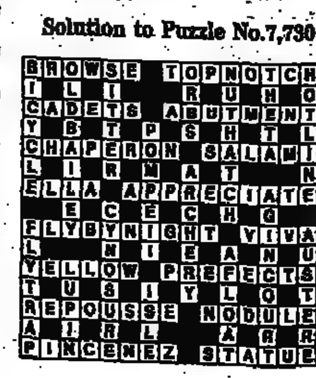
No.7,731 Set by DINMUTZ



ACROSS
1 Tortoise-book? (8)
5 Odds against Whip being wet (6)
10 Be in debt, held by credit! Shrink from that! (5)
11 Fractional dividend (9)
12 Old nagging woman is well overweight (9)
13 Fatal to lose time in lesson (5)
14 Smoking-jacket? (6)
15 Colonist who stumps up (7)
18 Maximum single holding of US dollars? (7)
20 Jackdaw's home is a right-hand, converted semi (6)
22 Grub of particular value (5)
24 In very high spirits, give the boss a ring (4-1-4)
25 Fungus prominent on the ground (9)
26 The Bull's main meal has no starter (5)
27 Roof-workers left in rows (6)
28 Such classes certain to be wantonly idle outside (8)

DOWN
1 He settled on Caribbean island with Priam's wife (6)
2 Eats in lines? There is such disorderly racket (9)
3 For those with one bent, the bar offers aid freely (5,2,1,7)
4 Outline of study-trip (7)
6 Simply R3 (4,11)
7 Bill Hill, who may have hard lines? (5)
8 Armorial bearings Harry led out (8)
9 Norman leader surrounded by his lady-friends, here in France (6)
16 One who takes off damaged room-panel (9)
17 Being well-off makes a fellow articulate (8)
19 Discover in Belloc a teacher (6)
20 Bend back and come back on day of victory (7)
21 Let off for free-day (6)
23 Like Cobbett's rides upcountry? (5)

Solution to Puzzle No.7,730



WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Dec 23	Dec 20	Dec 19	Dec 18	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3022.58	2934.48	2914.36	2908.09	3077.15 (18/10)	2470.30 (9/1)	3077.15 (18/10/91)	41.22 (2/7/32)
Home Bonds	98.32	98.22	97.99	97.92	98.32 (23/12)	91.30 (16/1)	98.22 (20/12/91)	54.99 (1/10/81)
Transport	1258.03	1207.03	1200.49	1208.52	1287.56 (18/10)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	220.71	217.35	213.76	214.38	221.64 (2/12)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

Day's High 3037.57 (2965.79) Low 2919.05 (2907.65)

STANDARD AND POOR'S	Dec 23	Dec 20	Dec 19	Dec 18	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	396.82	387.04	382.52	383.48	397.41 (13/11)	311.49 (9/1)	397.41 (13/11/91)	4.40 (1/6/32)
Industrials	467.45	455.98	451.55	452.98	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	31.52	30.80	30.26	30.34	32.54 (13/11)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	218.12	213.13	210.91	211.44	219.37 (13/11)	170.97 (9/1)	219.37 (13/11/91)	4.46 (25/4/42)
Amex Mkt. Value	370.93	367.22	366.60	368.72	392.37 (12/11)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	543.90	535.76	534.53	539.04	556.17 (13/11)	355.75 (14/1)	556.17 (13/11/91)	54.87 (31/10/72)

	Dec 20	Dec 13	Dec 6	year ago (approx.)
Dow Industrial Div. Yield	3.13	3.14	3.17	3.92

	Dec 18	Dec 11	Dec 4	year ago (approx.)
S & P Industrial div. yield	2.78	3.22	2.80	3.32
S & P Ind. P/E ratio	23.24	21.05	22.98	15.88

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
AT & T	7,634,200	38⅞	....
Chicorp	5,025,900	9	+ ⅛
Syntex	3,366,200	46⅝	+ 4
Gen. Motors	3,133,600	29	+ 1½
Philip Morris	2,387,100	73¾	+ 1
Am. Express	2,355,200	19	+ ⅛
IBM	2,322,300	88⅜	+ 2⅜
RJ Nabisco	2,250,400	10	....
Glaxo	2,122,200	30⅜	+ ⅛
West Elect	2,080,400	15½	+ ⅛

TRADING ACTIVITY

† Volume Millions	Dec 23	Dec 20	Dec 19
New York SE	228.730	318.810	199.030
Amex	23.785	29.225	16.615
NASDAQ	(u)	389.260	174.579
NYSE			
Issues Traded	2,218	2,207	2,169
Rises	1,411	1,127	682
Falls	421	618	1,001
Unchanged	386	462	486
New Highs	199	126	53
New Lows	37	44	72

CANADA

TORONTO	Dec 23	Dec 20	Dec 19	Dec 18	1991 HIGH	1991 LOW
Metals & Minerals	2771.19	2750.30	2715.90	2720.06	3299.99 (18/7)	2632.06 (9/1)
Composite	3378.15	3340.85	3326.10	3332.62	3604.09 (12/11)	3161.95 (15/1)
MONTREAL Portfolio	1801.30	1770.86	1761.55	1769.32	1907.35 (12/11)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

THAILAND Bangkok SET (30/4/75)	680.38	686.83	690.29	69[illegible]	
WORLD M.S. Capital Intl. (1/1/70) ($)	504.8*	501.8	500.4	[illegible]	

**Saturday December 21: Taiwan Weighted Price: 4471.46; Korea ... & Subject to official recalculation.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ ... JSE 2b Industrials – 264.3 and Australia All Ordinary and Mining ...

TOKYO - Most Active Stocks
Friday 20 December 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Toyo Ink	7.4m	913	-45	Clarion	3.0m	1,120	-70
Nippon Steel	6.5m	353	+4	Meiji Milk	3.0m	971	-29
Osaka Gas	5.8m	585	-6	Hitachi	2.8m	875	-15
Kobe Steel	3.3m	410	-6	Sumitomo Bank	2.7m	1,980	-60
Kansai Elec	3.2m	2,780	-20	Mitsubishi Heavy	2.6m	650	-21

4:00 pm prices December 23

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	9¼	AAR Corp	0.48	4.4	12	368	11¼	10⅞	11	+⅛
22⅞	14½	A L Labs A x	0.16	0.8	23	103	21	20¾	21	+⅛
55¾	40⅞	AMP Inc	1.44	2.6	21	1763	54⅞	52¼	54½	+2¼
68⅝	44¼	AMR			13	8207	u69	63¼	68⅞	+6⅛
2⅝	1	ARX			7	115	1½	1¼	1½	+⅛
55	41½	ASA	3.00	6.5	13	422	46⅞	46	46⅞	+⅞
69½	39¼	Abbott Lab x	1.00	1.6	28	8693	u65¼	62¾	65	+2
14⅞	9⅞	Abitibi Pr x	0.50	4.0	17	5	12⅞	12⅝	12⅝	
11⅞	10⅝	ACM Gvt In x	1.31	11.8		499	11⅛	11	11⅛	+⅛
9¾	8¾	ACM GvOpp x	1.05	11.2		107	9½	9⅜	9⅝	-⅛
9½	8⅛	ACM Gvt Sp	1.08	11.7		761	9¼	9⅛	9¼	+⅛
11	9⅞	ACM Gvt In x	1.26	11.8		380	10⅝	10½	10⅝	
9⅛	7⅝	ACM Man x	1.06	11.5		284	u9¼	9	9⅛	
12⅞	11½	ACM Managd x	1.35	10.8		244	12½	12⅜	12½	
7½	4¾	Acme Cleve	0.40	6.5	13	105	6⅛	6	6⅛	+⅛
5	3⅛	Acme Elect			3	49	4⅞	4⅛	4⅞	+⅛
40	22¾	Acuson			19	890	29¼	28⅛	29¼	+⅞
20¼	14¼	Adams Expr	1.63	8.9	0	165	18¼	18	18¼	+¼
20⅛	13⅜	Adobe12Pf	2.40	18.3		208	13⅜	d13	13⅛	-¼
9¾	4¼	Adobe Res			35	620	4¼	d3⅞	3⅞	-⅜
42¼	18	Ad Micro				777	u42⅞	41½	42⅞	+¾
17⅛	4⅝	Ad Micro P	3.00	17.3	86	1907	u17⅜	16⅞	17⅜	+¾
5⅛	2¼	Advest Grp	0.16	3.9	5	600	4⅛	4⅛	4⅛	-⅛
49⅛	31⅞	Aetna Lf x	2.76	6.9	7	3002	39¾	39⅜	39¼	+½
10⅝	6⅝	Aifil A x	0.24	2.9	78	1438	8½	8¼	8⅜	+⅛
20⅞	12	Ahmanson	0.88	6.0	9	2369	15¼	13⅞	14¾	+½
19½	2⅞	Aileen Inc			18	236	18⅜	17⅞	18⅜	+⅜
74⅛	51⅜	Air Pr Chm x	1.68	2.3	15	916	68¾	65⅝	68⅝	+2
30	16⅝	Airbne Frt	0.30	1.4	15	335	21¼	21	21½	-⅛
[illegible]										

- B -

1991 High	1991 Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
30	22⅞	BRE Prop	2.40	8.4	13	65	28⅞	28⅛	28⅞	+¼
44¾	24⅝	Briggs & S	1.60	4.1	15	609	39⅞	38¼	38¾	
35¼	24½	Brinkerlnt			34	902	33¼	32⅞	33¼	+¼
87⅞	61¼	Bristol M x	2.40	2.9	21	11108	82¼	80½	81⅞	+⅞
40	24½	Brit Airwy	1.73	4.3	445	2013	u40⅛	38⅞	40½	+1⅞
51⅜	39	Brit Gas	2.50	5.3	12	70	47¼	45⅞	47¼	+1⅞
77½	61⅞	BP ADR	4.11	6.5	17	2685	63¾	62¾	63⅜	+¼
32⅝	26⅜	BP Prudhoe	3.57	12.6	8	529	28⅜	28⅛	28⅜	-⅛
6¾	1⅜	BP Wts93				3090	1⅝	d1¼	1½	+⅛
27⅝	11¼	Brit Steel	1.70	13.6	7	1077	12½	11⅞	12½	+⅝
74	51¼	Brit Tel x	2.72	4.4	10	690	62	61¼	62	+1½
18⅜	4⅝	Broad Inc	0.20	1.2	10	1697	16¼	15¼	16¼	+⅞
33¼	27½	BrklnPfd	2.47	7.4		2	32⅞	32⅞	33¼	
30⅝	27	Brooklyn U x	1.94	6.3	14	137	u30¾	30⅜	30¾	+⅜
84½	69	BrwnFormnB	2.24	2.7	15	176	83	82½	82⅞	+⅜
28⅞	21⅞	Brown Grp x	1.60	6.6	17	496	24¼	23⅝	24⅛	+¼
12⅝	6⅞	Brown&Shrp	0.32	4.6	1	102	7	6¾	7	+¼
30¾	16⅞	Browning F x	0.68	3.3	48	8454	20½	19	20½	+1¼
4⅜	1⅜	BRT			1	323	2	d1¾	1⅞	
18⅞	8⅝	Brunswick	0.44	3.9	36	3519	11½	11	11⅜	+⅜
20	9½	Brush Well x	0.20	1.7	24	234	12	11⅞	12	+⅛
28¾	23⅞	Buckeye Pt	2.60	9.7	10	61	26¾	26⅜	26¾	+½
16½	13	Bunker Hl x	1.68	10.8	0	7	15¾	15⅝	15⅝	-⅛
13¾	10¼	Burger K I	1.60	13.9	13	86	11¾	11½	11½	
21⅞	8¾	Burl Coat			11	265	16½	15⅞	16¼	-⅝
41⅞	26¾	Burl North	1.20	3.2	8	3443	38⅜	36⅝	37¼	-¼
43¾	32⅞	Burln Reso x	0.70	2.0	23	3035	34⅞	34¼	34¾	+¾
16	11¼	Bunkham Pc x	1.36	9.0	42	164	15⅛	15	15⅛	+⅛

- C -

[illegible]

- D -

[illegible]

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[illegible]

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[illegible]

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Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

- X - Y - Z -

1991 High	1991 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Quote Close	Ch'ge Close Prev.
85½	35¼	Xerox	3.00	4.5	11	4174	86	84½	85	+1
51¾	43⅛	Xerox4.125				2	51	51	51	+1
25¼	14⅛	Xtra 1.94				3	24⅛	24	24⅛	+⅛
29¾	14¼	Xtra Corp	0.72	2.6	13	9	28	28	28	
27⅞	21⅞	Yankee Egy x	1.60	6.6	11	52	24⅞	24⅝	24⅞	+¼
1½	⅛	Zapata				561	105	d½	½	+⅛
9⅞	3¼	ZenithElec			2	671	6⅝	6¼	6⅝	+¼
16½	12	Zenith Nat x	1.00	6.4	129	116	15½	15¼	15½	+⅛
6⅞	4½	Zenix Inc x	0.84	13.7		205	6⅛	6	6⅛	+⅛
15¼	10	Zero Corp	0.40	3.8	13	180	10½	10¼	10⅜	
41⅞	29½	Zurn Ind x	0.86	2.8	12	1167	31	30½	30⅞	
13½	10¼	Zweig Fund	1.18	8.8		409	13⅛	13	13⅛	
10½	8½	Zweig Totl	0.86	9.1		1336	u10½	10¼	10⅜	+⅛

Price data supplied by Telekurs.

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months. estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices December 23

NASDAQ NATIONAL MARKET

4:00 pm prices December 23

AMERICA

Dow surges above 3,000 on Friday's rate cut news

Wall Street

SHARE PRICES rose sharply yesterday as individual investors reacted to last week's big cut in interest rates with a frantic buying binge, *writes Patrick Harverson in New York.*

By the close the Dow Jones Industrial Average had gained a further 88.10 at 3,022.58, surpassing the 3,000 mark with the second biggest one-day rise of the year. The more broadly based Standard & Poor's 500 jumped 9.76 to 396.80, while the Nasdaq composite of over-the-counter stocks forged ahead 8.14 to 543.90. Trading volume on the New York Stock Exchange came to 229m shares.

Sentiment was buoyant all day, with investors buying stock in the hope that the Federal Reserve's aggressive easing of monetary policy last week (it reduced the discount rate by a full percentage point to 3.5 per cent, its lowest level for almost 30 years) would kick the stagnant economy into life. Many of the buyers would have responded to the rate cut on Friday but fear of rapid fluctuations because of stock options and futures expirations kept them out of the market until yesterday.

Speculation that there may be more interest rate cuts to come also spurred demand, as did further declines in bond yields. The thin nature of trading, as is usual in the Christmas week, exaggerated the effect of the buying on the headline indices, and prices were further boosted by some traditional year-end "window dressing" by investment managers eager to mark up the value of their portfolios before the accounting period closes.

All the market leaders were sharply higher, with IBM appreciating $2½ to $88¼, Philip Morris $1¼ to $73⅝, General Electric $2⅛ to $72, Merck $5¼ to $160 and Coca-Cola $2⅜ to $78¼.

One of the most heavily traded stocks was Citicorp, up $⅛ at $9⅛ in turnover of 4.2m shares and aided by hopes that lower interest rates would boost bank profits. BankAmerica put on $⅞ to $34¼, Security Pacific $⅜ to $28⅛ and Chemical $1 to $21¼.

Triton Energy firmed $⅜ to $34 on reports of a substantial oil find in a Colombia field in which Triton has a stake. The ADRs of British Petroleum, which is also involved in the Colombian project, edged $⅛ higher to $63¼.

Frontier Insurance rose $1⅞ to $26⅛ after Smith Barney Harris, the broking house, initiated research coverage of the stock with a "buy" rating.

In the over-the-counter market, MCI Communications added $1⅛ at $28⅞, Apple $1⅛ at $51⅛ and Sun Microsystems $2½ at $26⅞.

Canada

TORONTO stocks surged ahead in late trading, pulled along by the biggest gain on Wall Street since the end of the Soviet coup, renewed enthusiasm over the economy due to Friday's US discount rate cut, and the usual year-end short-covering.

The composite index gained 37.3 to 3,378.1, with winning issues topping losers by 335 to 191. Volume, however, was a low 17.2m shares, against Friday's 40.9m.

Federated Department Stores and Allied Stores, both units of Campeau, said a preliminary vote indicated creditors have approved the companies' plan of reorganisation, which will allow the retailers to emerge from chapter 11 bankruptcy protection early next year. Campeau firmed 2 cents to 54 cents.

Japan and Germany shake global equities

MARKETS IN PERSPECTIVE

	% change in local currency † 1 Week	4 Weeks	1 Year	Start of 1991	% change sterling † Start of 1991	% change in US $ † Start of 1991
Austria	+0.19	−8.85	−14.54	−13.18	−13.31	−16.45
Belgium	−1.01	−1.78	+ 7.05	+ 7.88	+ 9.46	+ 5.50
Denmark	−0.56	−3.63	+14.01	+16.22	+16.41	+12.19
Finland	−3.15	−9.49	−17.83	−17.58	−25.84	−28.52
France	−2.18	−4.52	+ 7.26	+ 9.44	+10.09	+ 6.09
Germany	−0.60	−4.41	+ 2.70	+ 4.40	+ 5.56	+ 1.73
Ireland	−2.44	−2.52	+11.52	+12.62	+14.09	+ 9.96
Italy	−0.40	−3.07	− 8.20	− 5.71	− 5.37	− 8.79
Netherlands	−1.78	−3.41	+14.09	+13.23	+14.62	+10.47
Norway	−5.98	−9.05	−13.10	−14.22	−13.53	−16.66
Spain	−3.02	−4.65	+ 5.57	+ 7.09	+ 8.34	+ 4.41
Sweden	−4.39	−5.11	+ 5.51	+ 4.94	+ 9.13	+ 5.17
Switzerland	−1.61	−3.80	+15.87	+15.49	+12.22	+ 8.15
UK	−3.83	−4.08	+ 8.87	+ 9.45	+ 9.45	+ 5.49
EUROPE	−2.52	−4.08	+ 6.93	+ 7.80	+ 8.11	+ 4.18
Australia	−1.20	−3.69	+25.16	+24.16	+28.72	+24.07
Hong Kong	−0.40	−2.73	+36.91	+39.31	+45.10	+39.83
Japan	−4.61	−7.09	− 7.37	− 4.25	+ 5.66	+ 1.82
Malaysia	−0.07	−0.32	+ 1.56	− 1.37	+ 1.01	− 2.66
New Zealand	+1.34	−4.04	+12.50	+12.01	+ 7.35	+ 3.43
Singapore	+0.12	−1.71	+23.50	+23.13	+35.56	+30.65
Canada	−0.48	−3.91	− 0.01	− 0.32	+ 3.91	+ 0.15
USA	+0.67	+2.98	+18.13	+18.24	+22.69	+18.24
Mexico	+4.93	−4.07	+127.36	+126.33	+128.05	+119.78
South Africa	−1.63	−3.68	+26.58	+26.01	+36.10	+31.16
WORLD INDEX	−1.92	−2.47	+ 6.80	+ 8.24	+13.37	+ 9.26

† Based on December 20th 1991.

By William Cochrane

CHRISTMAS spirit grips Tokyo, said Nomura International in its weekly review of the Japanese equity market at the end of last week. Perhaps it did; but last Thursday, and last week, something else had Japanese equities by the throat.

In a week when the western hemisphere was shaken by Thursday's bigger than expected rise in key interest rates in Germany, and stirred a day later by an unexpectedly large US discount rate reduction, Japan has been paying the price for stock market sluggishness and a failing futures market boom.

Its drop of 4.8 per cent last week was the biggest single reason why the FT-Actuaries World Index, expressed in local terms, declined by 1.9 per cent – although Europe, with a 2.5 per cent fall, came an important second.

Holiday lethargy came early to Tokyo, with equity trading volume low last week and likely to continue in that vein after yesterday's public holiday. There could be a flurry of activity this week if the market gets excited over the possibility of domestic interest rate cuts. But last Thursday, when the Nikkei index lost 2.8 per cent, volume stayed thin at 200m shares and kept the cash market vulnerable.

Tuesday's tightening of restrictions on futures trading brought severe weakness to the futures and options markets, and the unwinding of arbitrage positions meant that the cash market had to follow suit.

In Europe, the German interest rate move came after domestic equity trading hours on Thursday, and had relatively little time to make its impact on Frankfurt share prices. But dealers and analysts were encouraged by the Bundesbank's strong line on inflation, and the view that the authorities were still tackling the problems of growth.

It was in France that the short-term currency/interest rate risk seemed most severe. Share prices in Paris moved from a rise in the first three days of the week to a 2.8 per cent fall over Thursday and Friday. The market, thought to offer the best value in Europe on many economic criteria, was waiting fearfully for yesterday's interest rate rises, and investors were unwilling to take risks in the short term.

Meanwhile, Scandinavia eased back into general decline, led by Norway with a drop of almost 6 per cent. Optimism over the government's plans to reduce the level of wealth tax proposed in its April tax reform bill, which led Oslo to outperform in the first half of the month, was overtaken last week by weakness in the shipping and oil markets.

Sweden was weighed down last week by Ericsson, the telecommunications giant which, in the early months of 1990 in particular, had been remarkable among European blue chips for its extended strength.

Finland's 3.1 per cent fall left it the weakest bourse this year, with a drop of 17.6 per cent in local currency terms. Foreigners have fared even more painfully after the markka devaluation, with falls in sterling and dollar terms of 25 per cent and 28.5 per cent respectively.

Bombay follows its own logic

R.C. Murthy analyses this year's Indian rally

INDIAN STOCK markets came back into their own yesterday as the Bombay Stock Exchange index leapt 41.84, or 2.2 per cent, to 1,915.12, for a gain of 92 per cent this year.

One broker said that the bears went into hiding, and that equities had escalated on information that some traders were holding huge short positions. Another bullish factor was the expectation of decontrol of industrial price structures during the next few days.

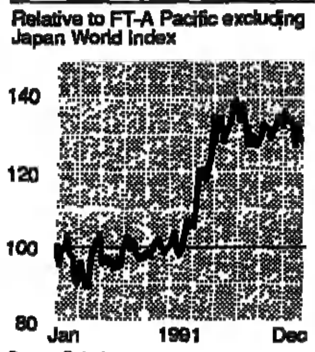
The markets started this year in a low key, with the Indian economy gripped in an external debt crisis and foreign currency reserves dipping to an all-time low to cover just three weeks' imports. In late-March, the central bank placed severe restrictions on imports in an attempt to curb the outflow of hard currency. Growth in gross domestic product (GDP) slowed down to 3 per cent from 5 per cent the previous year.

Traders, however, followed their own logic. They looked at the brighter side, at first emphasising the good corporate performance last year and later the reasonably favourable first-half results this year.

The 30-share index of the Bombay Stock Exchange, India's largest exchange, which accounts for two thirds of national trading, had doubled to 1,917.9 by November 11 from a level of 956.1 on January 25, although it failed to breach the 2,000 mark.

Bombay SE Index

Relative to FT-A Pacific excluding Japan World Index



Source: Datastream

Since then, the markets had lost steam until yesterday, and had moved within a narrow range as the Indian economy showed signs of recession after the economic reforms package introduced in July/August started biting. Yesterday's gain in the BSE index, therefore, came just as it looked as if equities had entered an uncertain phase.

The market has been supported by certain blue chips such as Birla-owned Century Textiles, which has risen on the crest of an export wave, and cement shares, which have been buoyant on good local demand.

The next two months will be a testing period for equities. They will come under pressure from Rs60bn ($2.3bn) worth of rights and public capital issues, which will reduce the liquidity. Another Rs30bn is to be drained this week from mutual funds, through the issue of shares in 31 profitable state-owned enterprises. The government is selling stakes ranging from 5 to 20 per cent to cut its budgetary deficit by a minimum Rs25bn this year.

However, the incentives of impending steel price decontrol and a relaxation in pharmaceutical price policy are keeping steel and drug company shares buoyant, offsetting the falls in several other sectors.

If the market survives the pre-budget blues in February, fundamentals should favour a smart rally. A turnround in the economy is expected to be imminent by then, and GDP growth is forecast to double to 6 per cent next year, according to the official projections presented to the International Monetary Fund.

ASIA PACIFIC

Seoul falls 2.4% to year's low

GLOOM undermined Seoul yesterday, but most Pacific Rim markets were quiet in the absence of Tokyo, which was closed for the Emperor's birthday, and the approach of Christmas.

SEOUL dropped 2.4 per cent to a year's low in anticipation of the settlement of margin loan accounts early next month. The composite index lost 14.50 to 586.51, in spite of intervention by the market stabilisation fund and institutions. The previous 1991 low was 590.97 on June 22.

Turnover grew to Won228bn from Saturday's Won147bn.

TAIWAN rose, but profit-taking pulled it off the day's highs after Saturday's election victory for the ruling political party. The weighted index, which gained more than 90 points early in the session, closed a net 11.71 up at 4,459.75 in active trading worth T$24.6bn, up from T$19.5bn.

NEW ZEALAND was encouraged by a decline in the local dollar. The NZSE-40 index gained 14.98 or 1 per cent to 1,455.75 in turnover of NZ$27m, up from NZ$17m. Telecom put on 7 cents to NZ$2.60 in volume of 1.4m shares.

AUSTRALIA edged lower in quiet trading. The All Ordinaries index slipped 4.7 points to 1,568.8 in turnover of A$237m, down from A$315m.

More than 11.1m shares in National Australia Bank were traded before the stock goes ex the dividend today. The share price retreated 14 cents to A$8.03. BHP fell 18 cents to A$12.34 after Friday's results.

SINGAPORE firmed after cuts in prime rates by two leading banks, but profit-taking eroded gains. The Straits Times Industrial index closed 3.78 ahead at 1,430.61 and volume expanded from 17m shares to 23m.

HONG KONG ended slightly higher after early hopes of an interest rate cut faded. The Hang Seng index gained 3.51 to 4,146.12 as turnover fell to HK$947m from HK$1.3bn.

EUROPE

Paris drops as European doomwatch continues

THE ECONOMIC doomwatch in Europe continued yesterday, *writes Our Markets Staff.*

Mr David Roche of Morgan Stanley said that the combination of last week's Bundesbank rate increases in Germany, regarded as good economic management, and the Federal Reserve's cut in the US, regarded as bad, was likely to depress bourses.

PARIS fell 2.3 per cent after an expected rise in domestic interest rates, but the bourse closed only 0.9 per cent lower as a belief took hold that prices had fallen far enough. The CAC 40 index ended 14.93 down at a 10-month low of 1,633.57, after reaching 1,610.23 earlier. Turnover remained moderate at about FFr2.5bn.

The Bank of France raised its intervention rate from 9.25 to 9.6 per cent, and its five-to-10 day lending rate from 10 to 10.5 per cent. Most big banks also increased their base rates from 10 to 10.35 per cent.

Yesterday was the last day of the monthly trading account. The most active stock was Lyonnaise des Eaux-Dumez, the utility and construction group, which dropped FFr27.20 or 6.2 per cent to a year's low of FFr409.80 in turnover of FFr133m. There was said to be one big seller of the stock.

Among the other blue-chip losers, Elf Aquitaine shed FFr10.50 to FFr373.50 in active trading and Total lost FFr20 to FFr922.

Sanofi, the pharmaceuticals company, bucked the trend, rising FFr34 or 3.6 per cent to FFr981, after the approval of its Ticlid anti-stroke drug in Australia. Sanofi has also applied for approval of Ticlid in a broader range of applications in the UK and Scandinavia.

Canal Plus was another of the day's winners, recouping the FFr16 that it lost on Friday and closing FFr18 higher at FFr946.

FRANKFURT took a studiously neutral stance on the general level of equities, the FAZ index falling just 2.62 to 626.75 at midsession and the DAX closing 3.57 lower at 1,539.62 in thin trading ahead of a three-day holiday.

Of the big, liquid blue chips, there was movement in carmakers as BMW fell DM4.50 to DM463.50 and Volkswagen by DM5 to DM288, although MAN, the engineering group, rose DM10 to DM332 on talk of Japanese buying after last week's forecast of maintained 1991-92 net profits.

Elsewhere, oversold and thinly traded stocks recovered strongly in some cases, Linotype adding DM17 to DM312 and Wella DM24 to DM544. But some former speculative favourites continued to lose ground, with Nixdorf DM6.60 lower at DM186 and Hoesch down DM10.80 at DM243.20.

MADRID weakened after a quarter-point rise in the Bank of Spain's overnight assistance and repurchase rates. The move was regarded by some as merely technical, and by others as a sign that a rise in the benchmark intervention rate – unchanged yesterday – is in the offing. The general index fell 1.03 to 231.69 in moderate turnover of about Pta11bn, down from Pta20.8bn.

MILAN ended lower in thin trading following the Italian Treasury's 0.5 percentage point rise in the discount rate to 12.0 per cent. The Comit index lost 0.92 to 490.23.

AMSTERDAM recouped most of its early losses to close at its day's high. The CBS Tendency index fell to a day's low of 86.1, but ended 0.1 down at 86.5 after a steady opening on Wall Street.

KLM gained 50 cents to Fl 40.20 after Mr Koos Andriessen, the economics minister, said that a merger between the Dutch carrier and British Airways would be a logical step.

Pirelli Tyre encountered active selling by foreign investors, but it finished above its day's low of Fl 14.60 at Fl 17.30, down 70 cents.

Flexovit, the abrasives maker, plunged Fl 10 to Fl 56 after saying that the fall in 1991 profits would be worse than expected.

BRUSSELS again relied on Gechem for its excitement. The Bel20 index slipped 1.49 to 1,071.41, but Gechem rose BFr38 or 11.7 per cent to BFr364 and its more liquid preferred shares gained BFr24 to BFr360, after last week's news that the polyurethane maker had given up control of its Foamex subsidiary in the US.

STOCKHOLM reversed a week-long slump to close with the Affärsvärlden General index 6.5 higher at 880.2. Ericsson B recovered another SKr6 to SKr99 on news of a contract to supply mobile telephone gear to Japan. Skandia rose SKr10 to SKr174 on the stake-holding plans of its Norwegian counterpart, Uni Storebrand.

OSLO's all-share index fell 3.41 to 391.35, pushed down by lower tanker rates and weak prices for North Sea oil.

VIENNA dropped 2.4 per cent to another year's low. The ATX index lost 21.39 to 884.76.

In contrast, ISTANBUL jumped 8.8 per cent on corporate forecasts and government comments on its forthcoming package designed to boost institutional buying of equities and to curb inflation. The 75-share index gained 361.14 to 4,489.47.

FT-SE Eurotrack 100 - Dec 23

Hourly changes

Open	10 pm	11 am	Noon	1 pm	2 pm	3 pm	Close
1025.29	1025.53	1026.17	1026.46	1027.15	1026.73	1027.20	1026.29

Day's High 1027.63 Day's Low 1025.12

Dec 20	Dec 19	Dec 18	Dec 17	Dec 16
1032.92	1043.04	1055.55	1056.74	1051.15

Base value 1000 (26/10/90)

SOUTH AFRICA

GOLD SHARES firmed in an otherwise lethargic Johannesburg market. The all-gold index added 14 to 1,174 on slightly higher world bullion prices. But the industrial index fell 7 to 4,098 and the all-share index lost 2 to 3,408.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	MONDAY DECEMBER 23 1991 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY DECEMBER 20 1991 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1991 High	1991 Low	Year ago (approx)
Australia (69)	143.45	−2.1	113.34	114.71	112.88	125.42	−0.8	4.43	146.46	116.74	118.08	116.84	126.39	160.31	112.74	117.62
Austria (20)	166.46	+1.3	131.51	133.11	130.98	131.19	−1.2	2.20	164.30	130.96	132.47	131.07	132.81	222.37	153.86	193.42
Belgium (47)	141.34	+1.3	111.67	113.01	111.22	108.93	+0.1	5.44	139.49	111.18	112.46	111.28	108.87	151.20	118.04	128.92
Canada (115)	131.04	+0.6	103.54	104.78	103.11	110.07	+1.1	3.33	130.23	103.80	104.99	103.89	108.92	144.28	126.49	129.06
Denmark (37)	265.08	+1.6	209.44	211.97	208.59	213.26	+0.4	1.68	260.99	208.03	210.43	208.21	212.45	270.56	217.74	224.71
Finland (15)	74.19	+0.6	58.62	59.33	58.38	64.38	−0.4	3.79	73.72	58.76	59.44	58.81	64.67	125.15	73.32	101.48
France (109)	140.43	+0.5	110.95	112.28	110.49	114.00	−0.9	3.88	139.78	111.42	112.69	111.50	115.06	152.26	119.11	130.80
Germany (65)	115.00	+1.0	90.86	91.97	90.49	90.49	−0.4	2.55	113.84	90.74	91.79	90.81	90.81	125.35	94.15	110.62
Hong Kong (55)	170.29	+0.0	134.54	136.17	134.00	169.87	+0.0	4.38	170.33	135.77	137.33	135.89	169.92	176.14	119.62	123.28
Ireland (16)	163.09	−0.1	128.86	130.42	128.33	131.06	−1.1	3.83	163.25	130.12	131.62	130.24	132.54	182.46	132.88	145.79
Italy (77)	72.48	+1.5	57.27	57.95	57.03	62.15	−0.1	3.73	71.43	56.93	57.58	56.98	62.20	88.23	64.76	76.16
Japan (474)	128.09	+0.8	101.20	102.43	100.81	102.43	+0.0	0.83	127.04	101.26	102.43	101.36	102.43	146.97	116.23	126.30
Malaysia (68)	208.55	+1.0	164.77	166.75	164.09	219.31	+0.8	2.65	206.50	164.60	166.49	164.74	217.64	247.78	189.18	209.43
Mexico (17)	1288.13	+0.3	1017.73	1030.03	1013.59	4282.88	+0.3	1.20	1284.51	1023.87	1035.65	1024.76	4270.82	1404.63	534.45	583.97
Netherland (31)	149.59	+1.1	118.19	119.61	117.71	116.54	−0.2	4.63	148.00	117.97	119.33	118.08	116.76	149.59	125.70	131.10
New Zealand (14)	45.71	+1.8	36.12	36.56	35.97	44.62	+1.6	6.16	44.90	35.79	36.20	35.82	43.92	54.64	41.18	43.05
Norway (30)	169.85	−0.2	134.27	135.90	133.73	138.00	−1.3	1.87	170.23	135.69	137.25	135.81	139.65	223.24	157.08	193.70
Singapore (38)	209.62	+0.7	165.62	167.62	164.94	157.12	+0.0	2.22	208.08	165.86	167.77	166.00	157.11	213.93	151.63	158.27
South Africa (61)	242.26	+1.0	191.41	193.71	190.62	171.65	+0.0	2.87	239.88	191.20	193.40	191.37	171.64	271.99	173.00	181.92
Spain (53)	147.91	+1.0	116.86	118.28	116.39	108.41	−0.3	5.10	146.51	116.78	118.13	116.88	108.77	171.12	131.51	138.58
Sweden (25)	172.37	+2.8	136.19	137.84	135.64	141.30	+1.4	3.16	167.69	133.67	135.21	133.79	139.33	204.12	146.60	155.90
Switzerland (59)	97.27	+1.1	76.85	77.78	76.55	81.11	−0.1	2.47	96.18	76.67	77.55	76.74	81.19	100.67	82.17	87.00
United Kingdom (235)	175.31	+0.3	138.51	140.17	137.93	138.51	−0.6	5.38	174.76	139.30	140.89	139.41	139.30	187.44	156.27	161.67
USA (525)	161.64	+2.5	127.71	129.26	127.20	161.64	+2.5	3.02	157.63	125.65	127.10	125.76	157.63	161.84	125.95	133.31
Europe (821)	141.17	+0.7	111.53	112.88	111.09	112.02	−0.4	4.30	140.16	111.72	113.01	111.82	112.51	151.52	125.50	131.88
Nordic (107)	178.39	+1.8	140.94	142.64	140.37	139.77	+0.6	2.31	175.21	139.66	141.26	139.78	138.98	200.81	155.55	162.50
Pacific Basin (718)	129.56	+0.7	102.36	103.60	101.95	104.94	+0.0	1.16	128.68	102.57	103.75	102.66	104.96	145.92	117.86	125.54
Euro – Pacific (1539)	134.51	+0.7	106.27	107.55	105.83	108.50	−0.2	2.48	133.57	106.47	107.69	106.56	108.71	147.68	121.29	128.47
North America (640)	159.70	+2.4	126.17	127.71	125.68	158.13	+2.5	3.03	155.88	124.25	125.70	124.38	154.32	160.44	125.91	132.95
Europe Ex. UK (586)	120.54	+1.0	95.24	96.41	94.87	96.72	−0.3	3.51	119.33	95.12	96.23	95.22	97.06	129.80	103.58	113.63
Pacific Ex. Japan (244)	144.01	−0.6	113.78	115.17	113.32	129.13	−0.2	4.11	144.87	115.48	116.82	115.59	129.35	153.19	111.40	115.93
World Ex. US (1732)	136.24	+0.7	107.64	108.95	107.21	110.26	−0.1	2.50	135.30	107.84	109.09	107.94	110.42	148.16	122.32	129.27
World Ex. UK (2022)	140.78	+1.5	111.22	112.59	110.78	124.87	+1.0	2.39	138.68	110.54	111.82	110.65	123.60	146.18	120.06	126.51
World Ex. So. Af. (2196)	143.15	+1.4	113.10	114.47	112.65	125.78	+0.9	2.69	141.18	112.53	113.84	112.64	124.70	148.66	122.92	129.31
World Ex. Japan (1783)	153.45	+1.6	121.24	122.71	120.76	139.49	+1.2	3.51	150.98	120.34	121.74	120.47	137.78	155.59	126.69	132.84
The World Index (2257)	143.79	+1.4	113.60	114.98	113.15	126.19	+0.9	2.70	141.82	113.04	114.35	113.15	125.11	149.37	123.28	129.63

Japanese market closed December 23.